



Maanshan Iron and Steel Co., Ltd.

Environmental, Social and Governance Report

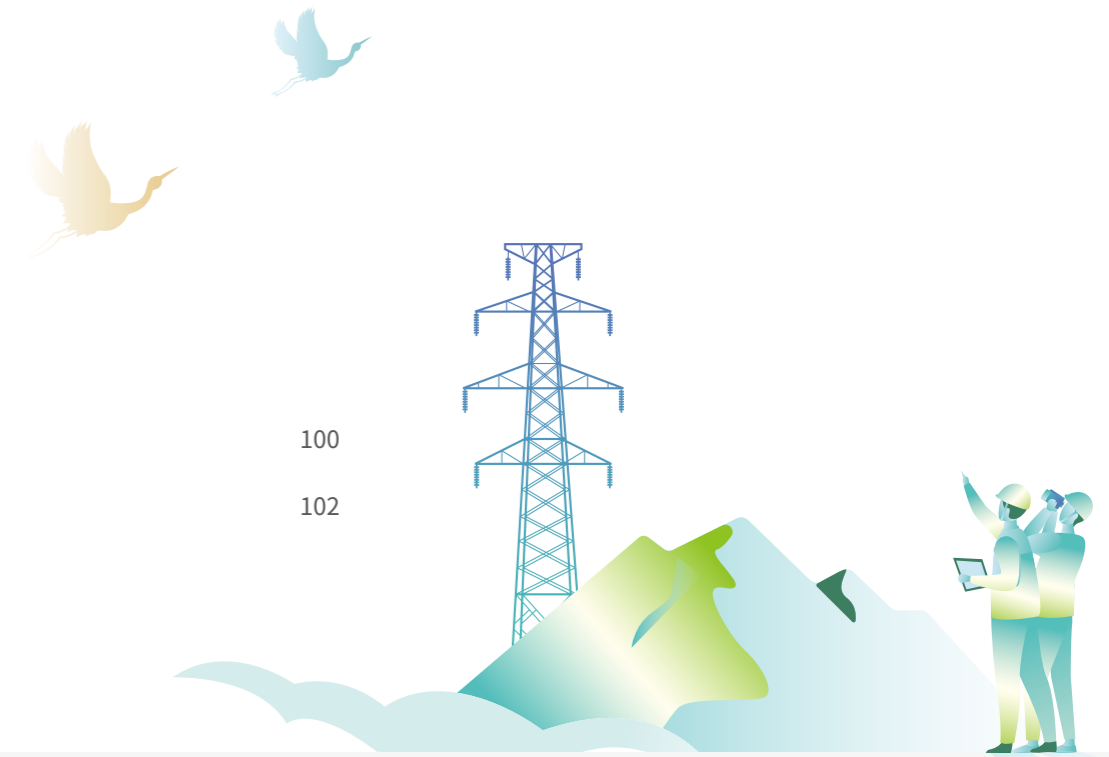
2025



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About the Report

Reporting Period



The Report is released annually. It is the ESG (Environmental, Social and Governance) Report 2025 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 16th 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.", and "Masteel Limited" refers to "Maanshan Iron & 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, 2025 to December 31, 2025. 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



- *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)*
- *Guidelines for Self-Regulation of Listed Companies No. 4 – Preparation of Sustainability Reports (Revised January 2026)*
- *Guiding Opinions of State-owned Assets Supervision and Administration Commission of the State Council on Better Performance of Social Responsibilities of State-owned Enterprises*
- *General Framework of the Guidelines for Corporate Sustainability Development Report in China (CASS-ESG6.0) of the Chinese Academy of Social Sciences*
- United Nations Sustainable Development Goals (SDGs)
- *Sustainability Reporting Guidelines (GRI Standards)* of the Global Reporting Initiative (GRI)
- *Sustainability Indicators 2024 Report* of the World Steel Association
- *Guidelines for Environmental, Social, and Governance (ESG) Special Reports of Steel Enterprises*

Reporting Principles



This report has been prepared in accordance with the core principles of the Hong Kong Stock Exchange ESG Reporting Guide: materiality, quantitative, balance, and consistency.

The Company comprehensively considered both internal and external factors to identify material issues. For details, please refer to the "Double Materiality Analysis" section. Relevant environmental, social, and governance quantitative indicators are compiled, aggregated, and disclosed to ensure continuity and comparability of data. The preparation method of this report is consistent with previous years. Where significant changes have been made, corresponding explanations are provided in the relevant sections.

Preparation Process



Formation of working group - Stakeholder interview - Data collection - Framework Building - Report preparation - Report design - 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 (www.magang.com.cn/newsList/4002/4024) 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.

Message from Chairman



2025 was a year of steadfast progress for Maanshan Iron & Steel Company Limited (Masteel) as it advanced high-quality development and deepened its ESG strategy. Guided by the initiatives of the "Four Development Directions" and the "Four Essentials," the Company remained focused on its goal of building "a stronger and more dynamic new Masteel with sustained momentum." Closely aligning with the "Three Highs and Two Modernizations" development pathway of China Baowu, the Company embedded its ESG philosophy—"Masteel: Integrity in Steelmaking"—into its overall development strategy. Throughout the year, all employees and management united in determination and perseverance, actively responding to challenges facing the industry and tackling the complexities of transformation and development. Through diligent efforts in corporate governance, green and low-carbon transition, innovation breakthroughs, win-win collaboration, and social responsibility, the Company has steadily advanced its development trajectory and delivered a robust report card in sustainable development.

During the year, the Company continued to coordinate governance and growth, consolidating its institutional foundations. With the improvement of its modern corporate governance system as the core priority, Masteel optimized its governance structure, introduced innovative supervision mechanisms, and revised or enhanced 26 governance-related policies and regulations, further improving governance standardization and enhancing its capability for penetrative management. The Company deepened the standardized and diversified development of the Board of Directors, with independent non-executive directors accounting for 66.67% of board members. The Board and its specialized committees operated in a standardized and efficient manner, improving both decision-making quality and oversight effectiveness. Strict adherence to the principles of integrity, compliance, and clean governance remained fundamental. The Company advanced the development of a culture of integrity and compliance, strengthened its "three lines of defense" risk management system, and reinforced information security and privacy protection mechanisms, ensuring safe and stable operations throughout the year. Masteel also continued to enhance investor relations management, receiving multiple accolades including an AAA ESG rating among Chinese steel enterprises and the Best ESG Award, further strengthening corporate credibility and recognition in the capital markets. Driven by innovation and committed to building a premium product enterprise, the Company invested RMB 3.608 billion in R&D in 2025. Focusing on breakthroughs in key core technologies, Masteel achieved

major advancements in areas such as high-speed rail wheels, low-carbon structural steel, and steel for new energy vehicles. Six new products were launched domestically for the first time, including high-speed rail wheels supporting the CR450 EMU, significantly enhancing the competitiveness of high-end products. Several achievements also received provincial and ministerial-level science and technology awards.

During the year, the Company remained firmly committed to green and low-carbon development, drawing the ecological blueprint for sustainable growth. Guided by China's "Dual Carbon" goals, Masteel actively promoted energy-saving technological upgrades and optimized its energy structure. In 2025, the Company completed seven energy-saving technological upgrade projects, and was officially recognized as a Benchmark Demonstration Enterprise for Best Practices in Dual-Carbon Energy Efficiency. Self-generated photovoltaic green electricity reached 47.8861 million kWh, further strengthening the Company's supply capacity for renewable energy. Carbon emissions were effectively controlled, achieving 1.85 tons of carbon emissions per ton of steel and 4.39 tons of carbon emissions per RMB 10,000 of output value, exceeding the annual targets. Masteel and Changjiang Steel were successfully recognized as Eco-Performance Grade-A enterprises in 2023 and have since maintained this honorable designation. Meanwhile, multiple subsidiaries of the company have obtained ISO 14001 Environmental Management System certification. In terms of green development, Masteel was recognized as a Green Factory as early as 2017, while Changjiang Steel and Baowu Group Masteel Rail Transit Material Technology Co., Ltd., were respectively awarded the Green Factory title in 2020 and 2024. The Company continues to lead industry transformation through green and intelligent manufacturing, demonstrating the responsibility of a state-owned enterprise through concrete ecological achievements and striving to forge a new path of low-carbon, efficient, ecologically sound, and sustainable industrialization.

Throughout the year, the Company remained committed to the principles of "deep engagement" and "mutual success," consolidating development synergies. Employees are regarded as the Company's most valuable development asset. Masteel continued to improve its employee welfare and protection system, achieving 100% labor contract signing and social insurance coverage. A total of 37 "Three Utmost" livelihood projects were completed during the year, and RMB 3.5342 million in assistance funds was distributed, steadily improving employees' sense of fulfillment and satisfaction. The Company also established three career development pathways—management, technical/business, and operations & maintenance—providing diversified professional growth opportunities. In 2025, 248 training programs were conducted covering 51 key job categories. The Company strictly adhered to the red line of workplace safety, obtaining ISO 45001 Occupational Health and Safety Management System

certification, thereby comprehensively safeguarding employees' physical and mental well-being. Meanwhile, Masteel continued to enhance supply chain coordination management, integrating ESG requirements into the entire supply chain management process and working closely with upstream and downstream partners to build a secure, stable, and resilient industrial ecosystem.

During the year, the Company actively fulfilled its responsibilities and mission, spreading warmth and delivering positive social impact. Masteel actively participated in rural revitalization initiatives, benefiting 11,000 local residents throughout the year. The Company supported partner villages in developing fresh corn cultivation industries and launched the "Warm Agriculture Initiative" to help increase farmers' incomes. These rural revitalization efforts were recognized as an Outstanding Practice Case by the China Association for Public Companies. In addition, the Company continued to promote public welfare initiatives, organizing volunteer activities such as free medical consultations, educational assistance programs, and charity bazaars. Scholarships were provided to students in need, and educational equipment was donated to schools in partner villages. Through these tangible actions, Masteel actively fulfilled its social responsibilities and vividly demonstrated the Company's warmth, commitment, and sense of responsibility as a state-owned enterprise.

Only by facing challenges with courage can we demonstrate true responsibility. Only through action and commitment can we reach the distant horizon. Looking ahead to 2026, Masteel will maintain its pioneering spirit and determination to excel. With renewed confidence in development, the Company will continue to advance its ESG strategy, deepen reform and innovation, promote green and low-carbon transformation, tackle key core technologies, and consolidate development synergies. On the new journey toward high-quality development, Masteel will move forward with resilience and determination, accelerating the realization of its vision to build "a stronger and more dynamic new Masteel with sustained momentum," and contributing greater strength to the creation of a world-class enterprise and to the economic and social development of the region.


















Jiang Yuxiang

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

“ Only by facing challenges with courage can we demonstrate true responsibility.

Only through action and commitment can we reach the distant horizon. ”

Contributions to United Nations Sustainable Development Goals (UN SDGs)

<div data-bbox="145 354 1330 507">  <ul style="list-style-type: none"> The Company responds to the national Rural Revitalization Strategy by promoting industrial assistance and providing educational resources to support rural economic development, further consolidating poverty alleviation achievements and demonstrating the responsibility and commitment of a state-owned enterprise. </div>	<div data-bbox="1687 354 2872 507"> <ul style="list-style-type: none"> The Company firmly implements equal employment and anti-discrimination policies. Any discrimination in recruitment, compensation, promotion, or other employment practices based on ethnicity, race, gender, religious belief, or disability status is strictly prohibited. Appropriate job positions and facility adjustments are provided for employees with disabilities. A comprehensive rights protection mechanism covering complaints, investigations, and disciplinary measures has been established to eliminate all forms of discrimination within the Company and promote equal opportunities and social inclusion.  </div>
<div data-bbox="145 524 1330 677">  <ul style="list-style-type: none"> The Company leverages a collaborative model of "village Party organization + cooperative + enterprise + farmer," brings into play mechanisms for linking with and benefiting farmers, and supports characteristic agricultural projects such as corn processing industries in assisted villages. </div>	<div data-bbox="1687 524 2872 677"> <ul style="list-style-type: none"> With the goal of building a "garden-style ecological steel plant," the Company has implemented ultra-low emission retrofits across all production processes to ensure that pollutant emission concentrations are significantly lower than national standards. At the same time, we have optimized clean transportation systems and dust control measures, striving to achieve harmonious coexistence between industrial production and the urban environment.  </div>
<div data-bbox="145 694 1330 847">  <ul style="list-style-type: none"> The Company practices the principle of "Life First" by establishing a certified Occupational Health and Safety Management System, systematically conduct risk identification and hazard mitigation as well as company-wide safety training. Comprehensive measures are implemented including monitoring of occupational hazard factors, health surveillance, and provision of labor protection equipment. At the same time, the Company has set up health service stations, organized annual medical examinations for all employees, and carried out health intervention and stress-relief programs to safeguard employees' occupational safety as well as their physical and mental well-being, thereby improving overall employee welfare. </div>	<div data-bbox="1687 694 2872 847"> <ul style="list-style-type: none"> The Company thoroughly implements the <i>Outline for Building a Quality-Strong Nation</i> and has established a full-process quality management and traceability system covering everything from raw material procurement to customer services. It strictly adheres to the "zero-defect delivery" requirement and integrates green process innovation into its R&D practices—such as the high-value utilization of steel slag—aiming to provide safe and reliable products while promoting efficient resource utilization and sustainable production and consumption patterns.  </div>
<div data-bbox="145 864 1330 1017">  <ul style="list-style-type: none"> The Company has developed a training system driven by both corporate strategy and employee development. Targeted capability-building programs are implemented for the management, technical, and operational tracks. Systematic training covering leadership, digitalization, and professional skills is provided to all employees. In addition, the "mentor-apprentice" program and specialized onboarding training support employees' continuous development. The Company is committed to providing equal opportunities for lifelong learning and skills enhancement for all employees, thereby promoting inclusive and equitable quality education. </div>	<div data-bbox="1687 864 2872 1017"> <ul style="list-style-type: none"> The Company has established a comprehensive climate management framework and defined a clear carbon neutrality pathway. Climate change management is carried out based on four pillars—Governance, Strategy, Risk Management, and Metrics & Targets. In 2025, carbon emissions per ton of steel were reduced to 1.85 tons of carbon per ton of steel, while climate risks are systematically managed to enhance operational resilience.  </div>
<div data-bbox="145 1033 1330 1187">  <ul style="list-style-type: none"> The Company explicitly prohibits any gender discrimination in recruitment, compensation, training, promotion, and other employment practices. Institutional policies provide special protections for female employees, strictly prohibiting violence, persecution, and sexual harassment against women in the workplace. Through a comprehensive mechanism covering complaint handling, investigation, and disciplinary measures, the Company ensures that female employees enjoy an equal, safe, and respectful working environment. </div>	<div data-bbox="1687 1033 2872 1187"> <ul style="list-style-type: none"> All industrial wastewater generated by the Company undergoes advanced treatment to ensure discharge quality consistently meets and exceeds national standards. Through measures such as rainwater-sewage separation, wastewater recycling, and pipeline network management, the Company effectively reduces pollutant discharge into natural water bodies, demonstrating its commitment to protecting aquatic ecosystems.  </div>
<div data-bbox="145 1203 1330 1357">  <ul style="list-style-type: none"> The Company has established a comprehensive water management system covering implementation, supervision, and performance evaluation across the entire process. Water usage is strictly controlled within the limits of water withdrawal permits and managed in compliance with relevant regulations. Through cross-departmental coordination and refined management, the Company improves water-use efficiency. Since 2022, no major water-related incidents have occurred, ensuring the cleanliness and safety of water resources. </div>	<div data-bbox="1687 1203 2872 1357"> <ul style="list-style-type: none"> The Company strictly adheres to ecological protection red lines and is committed to not operating in prohibited development zones. Through continuous scientific afforestation and ecological restoration, supported by advanced pollution control facilities, the Company minimizes the impact of its operations on surrounding soil, air quality, and terrestrial biodiversity.  </div>
<div data-bbox="145 1373 1330 1527">  <ul style="list-style-type: none"> The Company optimizes its energy structure by increasing the proportion of green electricity procurement and expanding photovoltaic installations. At the same time, with "extreme energy efficiency" as the core principle, the Company has implemented a series of energy-saving technological transformation projects. During the year, these initiatives achieved energy savings equivalent to 44,800 tons of standard coal, significantly reducing production energy consumption and energy costs. </div>	<div data-bbox="1687 1373 2872 1527"> <ul style="list-style-type: none"> The Company has established a scientific and efficient corporate governance system, strengthened information disclosure and risk management, and strictly opposes any form of corruption, fraud, misconduct, or unfair competition, thereby effectively improving the Company's governance of business ethics.  </div>
<div data-bbox="145 1543 1330 1696">  <ul style="list-style-type: none"> The Company strictly complies with labor laws and regulations. By ensuring 100% labor contract coverage, eliminating child labor and forced labor, and implementing equal employment practices along with a market-based compensation system, it fosters fair and stable labor relations. The Company has also established multi-channel career development pathways and implemented systematic safety and skills training for all personnel, including contractor employees. Comprehensive welfare programs and democratic communication channels are provided to employees. The Company is committed to creating a working environment where every employee enjoys dignity, development opportunities, and social protection, thereby contributing to inclusive economic growth. </div>	<div data-bbox="1687 1543 2872 1696"> <ul style="list-style-type: none"> Guided by the principle of coordinated development, the Company has established a two-way interactive and mutually beneficial quality improvement mechanism with suppliers. Through in-depth dialogue on issues such as quality improvement and process optimization, the Company works with suppliers to jointly explore solutions and elevate quality standards. It is committed to building a resilient supply chain by sharing knowledge, technologies, and management practices to collaboratively enhance the operational effectiveness of the entire industrial chain.  </div>
<div data-bbox="145 1713 1330 1866">  <ul style="list-style-type: none"> Innovation-driven development is adopted as the Company's core strategy. A systematic R&D system centered on the Technology Center has been established, supported by a matrix of innovation platforms covering key production processes. Through the implementation of 266 projects, industry-university-research collaboration, and strengthened intellectual property management, the Company continues to tackle critical core technologies, promote industrial upgrading and the commercialization of research outcomes, and support sustainable industrialization and technological innovation capacity building. </div>	

About Masteel

Company Profile

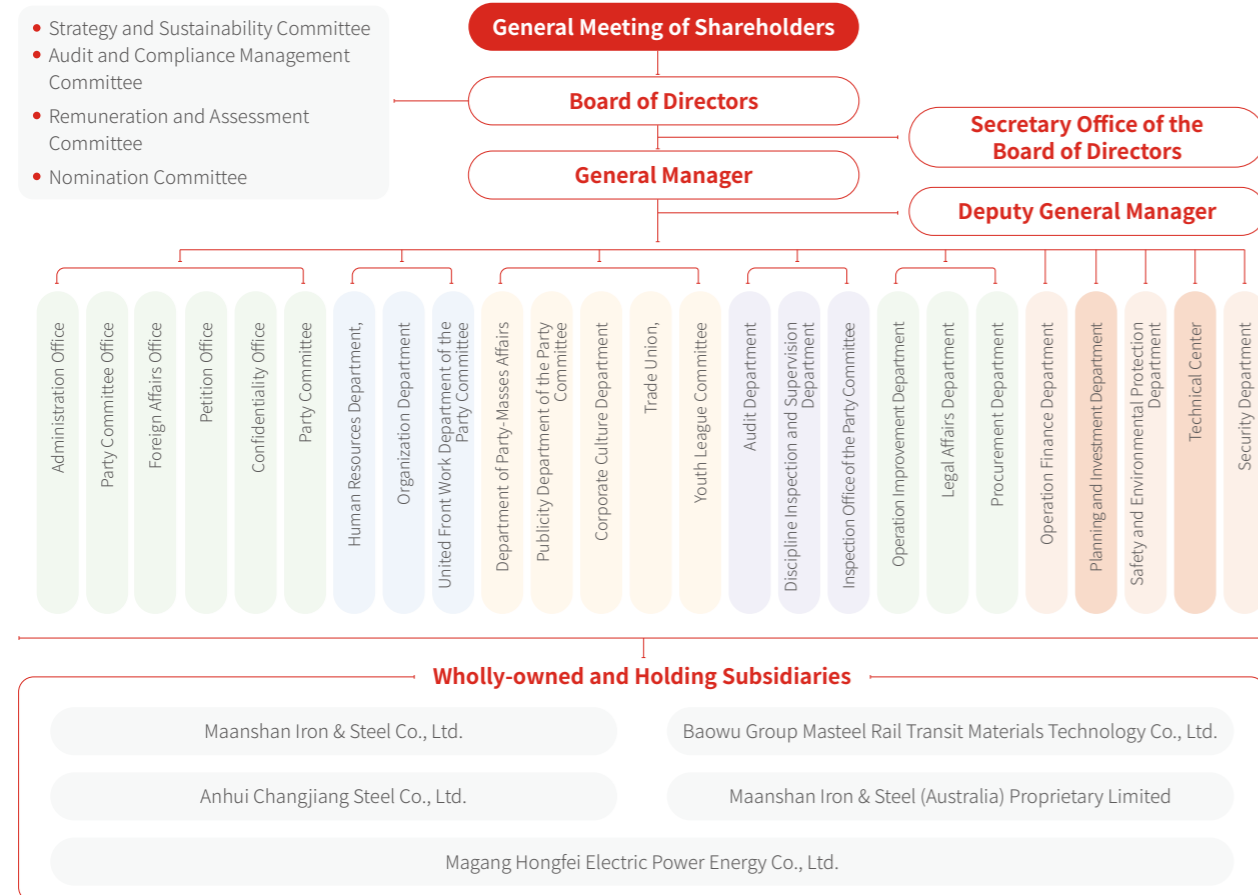
Maanshan Iron and Steel Co., Ltd., also known as Masteel, grew out of the Maanshan Iron Factory founded in 1953. In 1958, Maanshan Iron and Steel Company was established. In 1993, the Company successfully finished the reform of joint-stock system and was divided into Maanshan Magang Corporation and Maanshan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

Organizational Structure of Maanshan Iron & Steel Company Limited



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, earning strong recognition in global markets.



Sheets and strips



Long steel products



Wheels and axles



High-quality and special steel products

Corporate Culture

Vision

Build a New Masteel that is Strong, Substantial, and Full of Momentum

Values

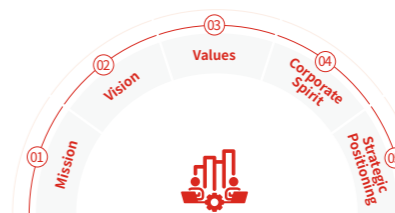
Integrity, Innovation, Green, Synergy

Corporate Spirit

Entrepreneurship, Innovation, Creation

Mission

Reform, Innovation, Integration, and Synergy Building a High-Quality Iron and Steel Industry Chain



Strategic Positioning

China Baowu's core strength in premium long products, a key force in flat-rolled materials, and committed to building a second growth curve

Honors and Recognition

01 Rated AAA in the "China Steel Enterprises ESG Rating"



02 Recognized by the China Association for Public Companies (CAPCO) as a "2025 Outstanding Practice Case in Sustainable Development"



03 The Company's rural revitalization initiative was recognized by the China Association for Public Companies as a "2024 Outstanding Rural Revitalization Practice Case of Listed Companies."



04 At the 8th China Excellence IR Awards, the Company received:
Best Investor Relations Project Award
Best ESG Award
Best Capital Market Communication Award



05 The Masteel 2024 ESG Report was awarded a "Five-Star Rating" by the China Corporate Social Responsibility Report Rating Expert Committee.



06 The Company was consecutively included in the "Central SOEs ESG Pioneer 100 Index" released by the State-owned Assets Supervision and Administration Commission of the State Council, as well as the "China Listed Companies ESG Pioneer 100" and "China Listed Companies Yangtze River Delta ESG Pioneer 50 (2025)" rankings published by China Media Group.

07 Recognized by the China Association for Public Companies as a "2025 Outstanding Practice Case of Listed Company Boards of Directors."

08 At the 2025 Responsibility Night and "Responsibility Whale & Bull Award" Ceremony hosted by the China Institute of Enterprise Reform and Development and the Responsibility Cloud Research Institute, the Company was honored with the "2025 Responsibility Whale & Bull Award – ESG Pioneer Enterprise."

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 double materiality issues, 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 2025.

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 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. In the face of new circumstances and evolving demands of the times, 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.

09 At the 2025 Summer Summit of the China Social Investment Forum, the Company was named an "ESG Leader among Chinese Enterprises" in the report *Steady and Sustainable: China Corporate ESG Leaders Report 2025* released by SynTao Green Finance.

10 Received the Collective Silver Award and Individual Award of the Social Responsibility Pioneer Award presented by China Baowu Steel Group.

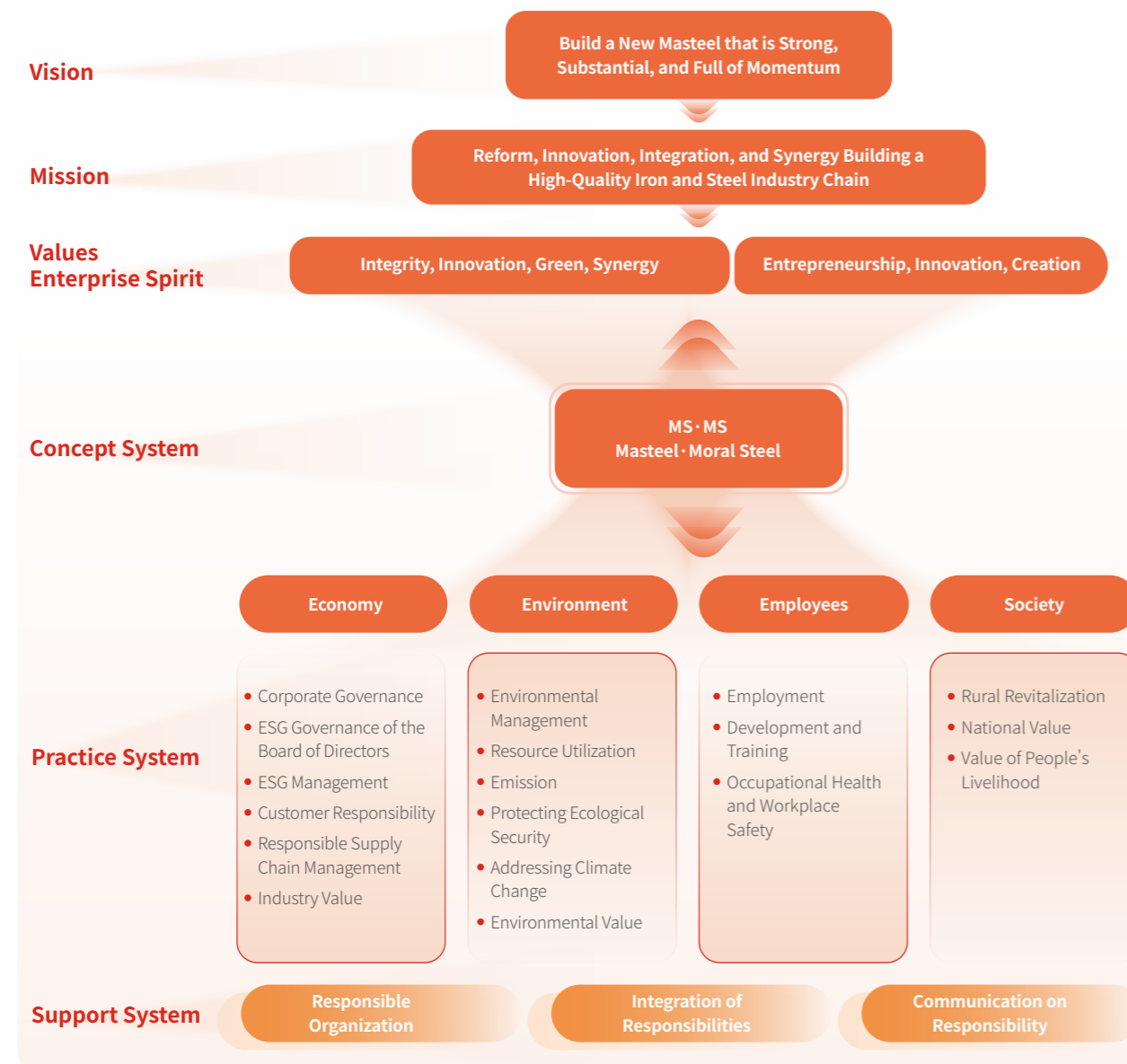
ESG Management

ESG Philosophy and Structure

ESG Philosophy

Masteel adheres to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and actively implements the requirements of the State-owned Assets Supervision and Administration Commission of the State Council regarding social responsibility and ESG management for state-owned enterprises. In close alignment with the ESG initiatives of China Baowu, the Company has articulated its ESG philosophy of "Masteel·Moral Steel" (MS·MS). This philosophy has been deeply integrated into the Company's development strategy, guiding Masteel's efforts to build a new Masteel that is strong, large in scale, and equipped with robust momentum for sustainable growth.

Masteel's ESG Management Model



ESG Governance System

The Company continues to enhance its sustainable development framework by formulating the *Administrative Measures for Environmental, Social and Governance (ESG) Work*. A three-tier ESG governance structure has been established, led by the Board of Directors and its Strategic and Sustainable Development Committee, managed and implemented by the ESG Leading Group and its specialized working groups, and executed by the ESG Office in collaboration with functional departments, business units, and subsidiaries. This structure effectively ensures the management and oversight of material ESG issues across the Company.

At the management level, the Company has established specialized working groups focusing on the four major responsibility areas of economy, environment, employees and society. These groups systematically promote the decomposition and implementation of ESG objectives, strengthen risk prevention and control, improve internal and external communication efficiency, and strictly fulfill content review responsibilities to ensure the accuracy, authenticity, and transparency of ESG information.

Masteel's ESG Governance Structure

Layers	Responsible Body	Duties
Leadership Body	Board of Directors- Strategic and Sustainable Development Committee	<ul style="list-style-type: none"> Review ESG policies and strategies to ensure compliance with laws, regulations, and standards. Assess and identify potential risks and opportunities related to ESG. Review the Company's ESG management and internal control systems and provide recommendations to the Board of Directors on their adequacy and effectiveness. Examine and oversee the objectives and implementation of ESG-related work and assess performance. Review the Company's publicly disclosed ESG reports. Guide the formulation of the Company's ESG management vision, goals, and strategies.
Management	ESG Leading Group Subordinate Economic, Environment, Employee, Society Working Groups	<ul style="list-style-type: none"> Integrate ESG concepts into the Company's development strategy, operations, and management. Discuss the Company's ESG plan and promote its implementation. Implement ESG-related resolutions of the Board of Directors and advance the Company's ESG initiatives. Regularly listen to work reports on the Company's ESG performance and enhance the Company's ESG capabilities. Guide the establishment and improvement of the Company's ESG work system.
Implementation	ESG Office Functional departments, business units and subsidiaries	<ul style="list-style-type: none"> Establish an ESG liaison group within the Company, and leverage its role in daily communication, education and training, information submission, stakeholder communication, etc. Organize the formulation of the Company's ESG plan. Promote the establishment of the Company's ESG work system and formulate the ESG indicator system. Promote the capacity building of the Company's ESG work. Organize the completion of ESG-related questionnaires for the Company. Organize the preparation of the Company's annual ESG report. Organize ESG-related evaluation, commendation and recognition activities. Implement the various ESG tasks assigned by the Company's ESG Leading Group and ESG Office. Be responsible for daily ESG liaison and communication, as well as the collection, sorting, submission and indicator statistics of ESG information of the respective unit. Participate in the preparation of the Company's ESG report. Be responsible for the rectification of ESG issues in the respective unit.

Masteel is committed to enhancing the ESG competence of its employees at all levels. The Company has strengthened the professional proficiency of key position personnel by organizing employees to participate in specialized training programs organized by the Shanghai Stock Exchange and other authoritative institutions, and by engaging external experts to deliver targeted ESG capacity-building workshops. Concurrently, the Company proactively expands external exchanges and participates in industry events, striving to build a professional ESG management team. As of December 31, 2025, the Company has organized a total of 80 training sessions through a hybrid online-offline approach, focusing on performance management, environmental health and safety (EHS), compliance and other core issues, with an accumulated training duration of 2,732 hours, thereby systematically advancing the capacity building of its ESG talent force.



ESG Specialized Training

ESG Strategy

Masteel has fully integrated the ESG philosophy into its corporate decision-making system, formulated the *Social Responsibility Planning of Masteel (2023-2025)*, and improved ESG-related rules and regulations covering business ethics, green production, technological innovation and other key areas, ensuring the orderly and effective operation of the ESG management system.

ESG Strategic Planning

Overall Objective	Major Phases
<ul style="list-style-type: none"> Maintain a leading position in Baowu and secure a place in the SASAC "Central SOE ESG Pioneer 50 Index". 	<ul style="list-style-type: none"> 2025: Forge strengths, make breakthroughs Consolidate foundations, summarize and elevate practices, achieve world-class levels among leading domestic and international steel enterprises across all dimensions and issues of economic, social, environmental and governance performance, and ensure the effective implementation of key planned tasks.

Risk Management

Masteel has established a sound risk assessment mechanism and integrated ESG risks into the Company's overall management structure. It has improved the measures and processes for identifying, assessing, monitoring and managing ESG-related impacts, risks and opportunities. To uphold the concept of sustainable risk management, the Company incorporates ESG-related issues such as business ethics, production safety and environmental protection into its risk management system, and includes ESG risks in its risk inventory. Through the Company's existing risk identification and control procedures, ESG-related risk points are effectively managed and controlled.

Indicators and Targets

To advance the implementation of the sustainable development strategy, the Company has fully incorporated core ESG indicators into the performance appraisal system for senior management personnel. By signing the *Performance Responsibility Letters* with directors and members of the management team, the Company clearly defines key ESG issues such as technological innovation, production safety and environmental compliance as binding evaluation indicators and performance assessment items. In the event of a serious or above-level workplace safety incident, unexpected environmental incident or major stability-related risk incident in the responsible area, performance scores will be deducted by 1 to 5 points based on the frequency and impact of the incident. This aims to strengthen the management's accountability in the ESG domain and promote the deep integration of short-term operational objectives with long-term sustainable development value.

Communication with Stakeholders

Masteel has always regarded stakeholder engagement as a vital approach to improving the quality and effectiveness of ESG management. Adhering to the principles of openness and transparency, the Company systematically identifies the concerns of all parties and translates their core demands into key inputs and action priorities for the Company's sustainable development initiatives. During the Reporting Period, the Company revised and improved the *Information Disclosure Management Measures*. By establishing a regular, multi-channel communication and feedback mechanism, it has refined the list of key stakeholders with precision, ensuring that the focus of ESG efforts is closely aligned with stakeholder expectations and the Company's own business strategy.

Stakeholders	Key Issues	Communication and Response
 Government and regulatory bodies	<ul style="list-style-type: none"> Environmental compliance management Emissions and waste management Addressing climate change Biodiversity Protection 	<ul style="list-style-type: none"> Achieve Grade A environmental performance Regular work reports Supervision and inspection
 Shareholders, investors and rating agencies	<ul style="list-style-type: none"> Compliance and corporate governance Environmental compliance management ESG governance 	<ul style="list-style-type: none"> Shareholders' meetings Investor meetings Public disclosures via annual reports, ESG reports, and announcements Official website and SSE e-interactive platform Investor hotlines and emails
 Employees	<ul style="list-style-type: none"> Employee benefits and welfare Lawful employment Occupational health and safety Employee training and development 	<ul style="list-style-type: none"> Employee congress Employee training programs Collective contract system Employee recreational activities
 Customers	<ul style="list-style-type: none"> Product safety and quality Customer service assurance Information security and privacy protection Innovation and R&D 	<ul style="list-style-type: none"> Customer satisfaction surveys Customer visits Official WeChat accounts
 Partners	<ul style="list-style-type: none"> Sustainable supply chain management Business ethics and anti-corruption 	<ul style="list-style-type: none"> Regular communications Open bidding Participation in industry forums Strategic and business collaborations Supplier audits and training
 Community	<ul style="list-style-type: none"> Social contribution and rural revitalization Emissions and waste management 	<ul style="list-style-type: none"> 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

Double Materiality Analysis

Masteel conducts an annual assessment of material issues in accordance with the *Guidelines No. 14 of Shanghai Stock Exchange for Self-regulation of Listed Companies — Sustainability Report (Trial)*, and in light of the characteristics of the steel industry, market cyclicity, its own business model and its position in the industrial value chain, so as to identify material sustainable development issues applicable to the Company.

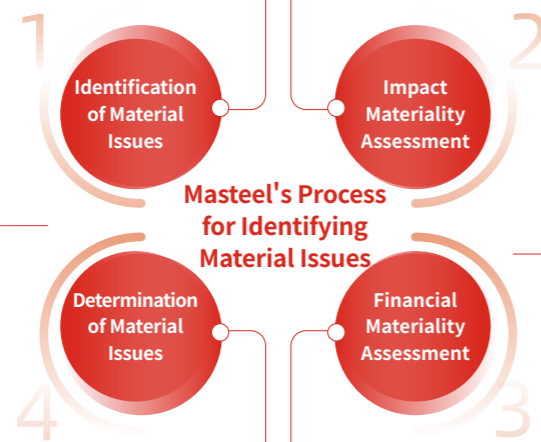
We systematically analyze the material impacts of each material issues on the Company's business model, operations, development strategy, financial position and other aspects in the short, medium and long term (hereinafter referred to as "financial materiality"), as well as whether the Company's performance on each material issues will exert material impacts on the economy, society and the environment (hereinafter referred to as "impact materiality"). Combined with management's opinions, we finalized the 2025 Double Materiality matrix, ensuring that the Company fulfills its environmental and social responsibilities while pursuing economic benefits, and creates sustainable value for stakeholders.

Fully consider the following factors to identify material issues:

- Collate relevant regulatory policies and rules, industry standards, ESG capital market rating requirements, and development trends.
- Conduct peer benchmarking and media information analysis.
- Carry out on-site investigations and various communication activities to understand stakeholders' concerns.
- Identify material issues reflecting the impact of the Company's business on the economy, environment and society.

- Establish assessment criteria and set scoring ranges based on factors such as likelihood, severity and irreparability of impacts to determine impact materiality.
- Collect feedback from various stakeholders on the extent of the impact material issues through on-site investigations and other means and adjust the impact materiality of each issue accordingly based on actual conditions.

- Conduct a comprehensive ranking of issue materiality to determine the impact materiality assessment results.

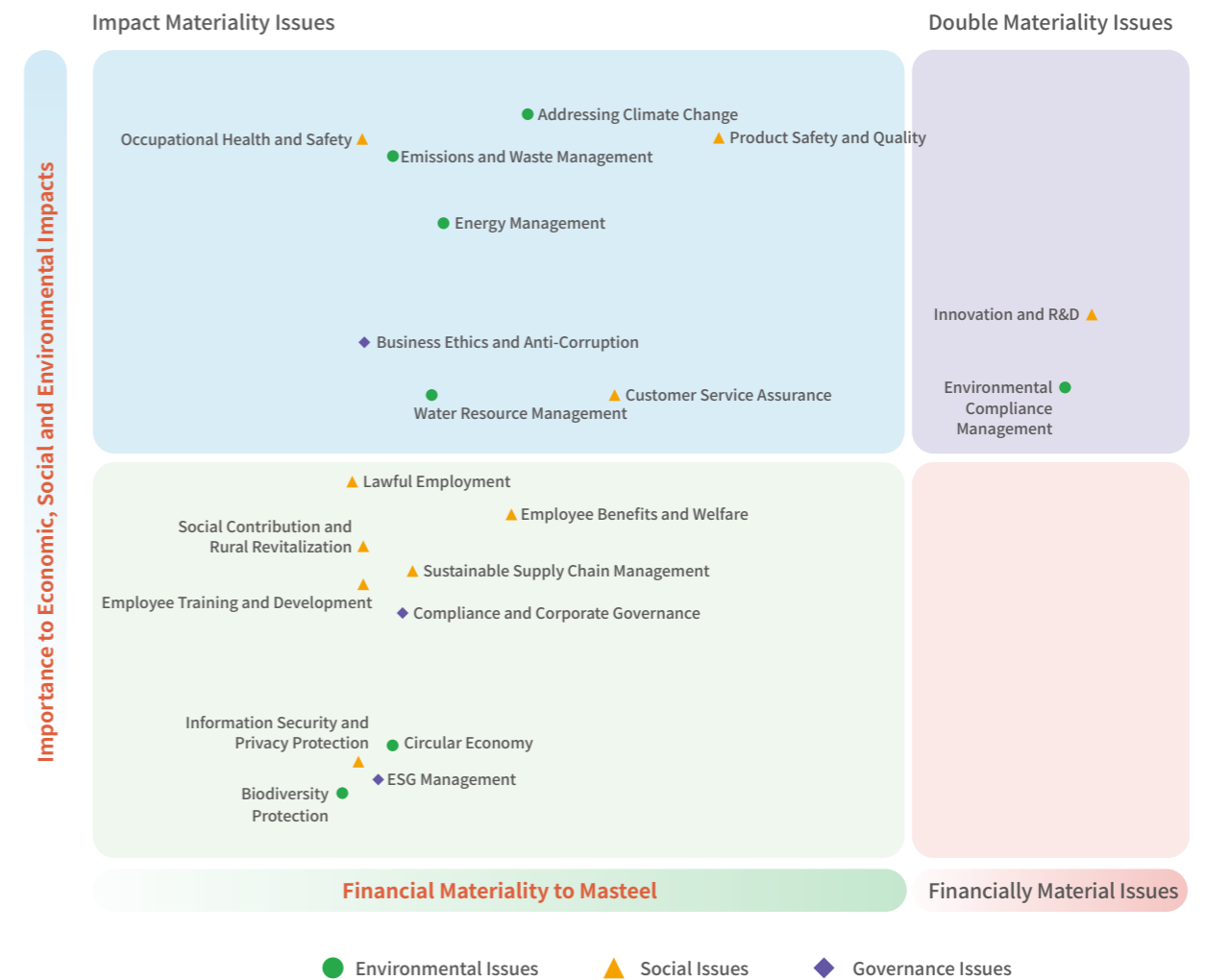


- Develop a double materiality matrix by comprehensively considering the impact materiality and financial materiality of each ESG issue.
- The assessment results are reviewed by senior management and ultimately approved by the Board of Directors.
- Based on the analysis results, the Company conducts targeted disclosures and continuous improvement of ESG management practices.

- Identify financial indicators associated with material issues by assessing the likelihood and potential financial impact of related risks and opportunities.
- Conduct on-site consultations and research to gather stakeholder input, confirm the financial indicators for material issues, and collect relevant quantitative data.
- Evaluate the significance of financial impacts on the Company through both quantitative and qualitative analytical methods, forming clear conclusions for the financial materiality assessment.

Based on the above process, during the Reporting Period, we identified 20 material issues¹, of which two were assessed as having high financial materiality: innovation and R&D, and environmental compliance management. The Company attaches great importance to key issues closely related to business development and their broad impact on the economy, society and the environment. For each key issue, we have established systematic management strategies and strengthened our management capabilities and response mechanisms to effectively prevent and mitigate internal and external risks that may affect our operations and stakeholders, thereby promoting sustainable corporate development.

Masteel's 2025 ESG Double Materiality Matrix



¹ The company is not engaged in scientific research or technology development activities in fields sensitive to technology ethics, such as life sciences and artificial intelligence. Therefore, the issue of "Technology Ethics" is not material to The company.

01



Strengthening Governance Foundations to Drive Development

Masteel regards reform, innovation and enhanced synergy as the core drivers of corporate development. In strict compliance with laws, regulations and listing supervision requirements, and following the development patterns of the steel industry, the Company improves a modern governance system aligned with its strategic positioning and operational model. By strengthening corporate governance, business ethics, risk management and information security systems, we reinforce the governance foundation for sustainable development and provide solid support for a new phase of high-quality growth.

Optimizing Governance Structure and Enhancing Decision-making Efficiency

Masteel is committed to building a scientific and efficient corporate governance system. By strictly following legal and regulatory requirements and improving standardized operating mechanisms, the Company continues to enhance the diversity and independence of the Board of Directors, improve the scientific basis of decision-making, and fulfill information disclosure obligations in accordance with laws and regulations. These measures strengthen trust among shareholders and investors and ensure stable and sustainable operations.

Corporate Governance

Governance Structure

Masteel strictly complies with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies* issued by the China Securities Regulatory Commission, and other applicable laws, regulations and regulatory requirements issued by the Shanghai Stock Exchange and the Hong Kong Stock Exchange. Based on the *Articles of Association* and the working rules of the Board's specialized committees, the Company has established a standardized, efficient and modern corporate governance system.

The Company has established the Board of Directors as the core leadership body, under which four specialized committees operate: the Strategic and Sustainable Development Committee, the Audit and Compliance Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. This framework forms a governance mechanism with clearly defined responsibilities and division of duties to ensure effective governance and high-quality decision-making. During the Reporting Period, in response to the latest regulatory requirements, the Company optimized its governance structure by abolishing the Board of Supervisors and transferring its statutory duties to the Audit and Compliance Committee. Meanwhile, the Company revised 26 governance-related systems, including the *Articles of Association* and the *Working Rules of the Board Strategic and Sustainable Committee*, following review and approval by the Board or shareholders' meeting.

Functions and Responsibilities of Specialized Committees



In 2025, the Company convened four shareholders' meetings, including one annual general meeting and three extraordinary general meetings. The Board of Directors held 15 meetings and four special director meetings, with a 100% attendance rate by Board members. In addition, multiple committee meetings were held to review governance matters and support the Board in enhancing governance effectiveness.

Meetings of the Board and Specialized Committees



Board Diversity

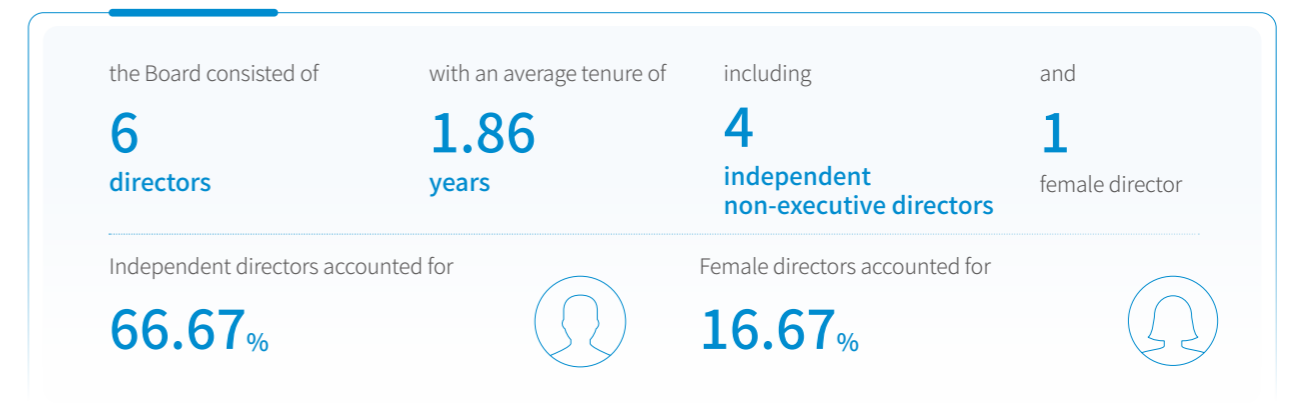
Masteel optimizes the composition of its Board to promote diversity and professionalism, ensuring stable operations and sustainable development.

When nominating and appointing Board members, the Company comprehensively evaluates factors such as professional experience, skills, knowledge, gender, age, cultural and educational background, ethnicity and tenure. Many directors are senior professionals in the steel industry with extensive experience in steel production, operation and management, as well as expertise in metallurgical quality management, industrial process control and materials engineering. In addition, one independent director is a specialist in accounting, providing support for financial decision-making by the Board.

The Company maintains strict independence requirements for directors. Independent non-executive directors are required to perform independent oversight and provide independent opinions. During the nomination process, the Company carefully reviews candidates' independence and requires them to sign declarations of independence to ensure objective decision-making.

As of the end of 2025, the Board consisted of six directors with an average tenure of 1.86 years, including four independent non-executive directors and one female director. Independent directors accounted for 66.67% of the Board, while female directors accounted for 16.67%.

As of the end of 2025



Composition of the Board of Directors

Name	Age	Gender	Industry Experience		Strategic and Sustainable Development Committee	Audit and Compliance Committee	Nomination Committee	Remuneration and Appraisal Committee
			Industry Experience (GICS Level-2 Industry)	Experience Description				
Jiang Yuxiang	58	Male	Materials-Metals & Mining	Extensive experience in steel production, operations and management	●		●	
Tang Qiming	58	Male	Materials-Metals & Mining	Extensive experience in steel production, operations and management				
Guan Bingchun	62	Male	Materials-Metals & Mining	Long-term experience in quality management with extensive expertise in metallurgical quality system development	●	●	●	●
He Anrui	54	Male	Materials-Metals & Mining	Long-term research experience in industrial process control and intelligent manufacturing	●	●	●	●
Qiu Shengtao	60	Male	Materials-Metals & Mining	Recipient of the State Council Special Allowance; extensive expertise in the fundamental theories, technology, and process R&D of steel materials.	●	●	●	●
Zeng Xiangfei	46	Female	Financials-Banking, Financial Services & Insurance	Senior accounting professional specializing in management accounting research		●	●	●

Remuneration and Performance of Directors and Senior Management

To fully leverage the strategic guidance and incentive-constraint role of performance management, Masteel has established the *Measures for Performance and Remuneration Management of Directors, Supervisors and Senior Management*. This system standardizes remuneration structures and performance evaluation mechanisms for senior executives, including the CEO. Senior management remuneration mainly consists of annual remuneration and tenure-based incentives. Annual remuneration includes qualification pay, position-based salary and annual performance bonuses, reflecting both role value and annual contribution.

Masteel adheres to the principle of balancing short-term performance with long-term development. Annual performance indicators and tenure-based objectives are established for directors and senior executives. In the performance responsibility agreements for management members, the Company has established binding indicators. Non-compliance with these indicators will result in a deduction of 1 to 5 points from the performance score, based on the level of operational and ESG risk exposure. Through continuous improvement of the performance evaluation mechanism, the Company promotes diligent performance by senior management and the creation of long-term value for shareholders.



Safeguarding Shareholder Rights and Interests

The Company attaches great importance to communication with shareholders and encourages their participation in shareholders' meetings as a core aspect of governance improvement. During the Reporting Period, four shareholders' meetings were convened and all resolutions were approved by shareholders. The Company's website provides access to corporate information, annual, semi-annual and quarterly reports, as well as announcements and circulars, offering shareholders transparent and compliant information disclosure channels.

In December 2025, Masteel revised the *Articles of Association* to further confirm shareholders' rights, including the right to convene meetings, the right to submit proposals, and voting rights, and clarified the mechanisms for exercising these rights. Prior to shareholders' meetings, announcements are issued to inform all shareholders and safeguard their right to information. In addition to on-site meetings, electronic communication methods are also adopted, including online voting platforms where technically feasible, facilitating shareholder participation and increasing the proportion of public shareholders attending meetings.

Investor Relations Management

Masteel strictly complies with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China* and other regulatory requirements. The Company has improved the *Information Disclosure Management Measures* and conducts disclosure in accordance with the law to ensure information is timely, accurate and complete, enabling investors to fully understand the Company's operations and protecting the legitimate rights and interests of investors and shareholders.

During the Reporting Period

the Company prepared and issued	It also disclosed	Environmental, Social and Governance (ESG) Report	ad hoc announcements
4	4	1	56
circulars domestically and overseas in relation to major matters	periodic reports	with Traditional Chinese and English versions released simultaneously	

In 2025, the Company maintained open investor communication channels through shareholders' meetings, results briefings, the SSE e-interaction platform and investor hotlines, aiming to protect investors' legitimate rights and interests by deepening effective engagement with the market. To strengthen engagement with institutional investors, the Company participated in four investment bank strategy conferences and three investor conference calls or online meetings organized by securities research institutes. The Company also opened online voting channels and live streaming for shareholders' meetings to facilitate participation by minority investors. During the year, the Company responded to 178 investor inquiries through the SSE e-interaction platform, thereby fully safeguarding investors' right to be informed and fostering a stable, positive relationship with the investor community.

Investor Relations Contact Information

	Address NO. 8, Jiuhua West Road, Maanshan City, Anhui Province, China		Tel. 86-555-2888158 86-555-2875252
	Fax 86-555-2887284		Email mggf@baowugroup.com

Investor Engagement Activities

In 2025, the Company actively responded to the concerns of investors and other stakeholders through various forms of engagement, including investor meetings and results briefings. By promptly disclosing information on its business operations and development progress, the Company ensured transparency and safeguarded the legitimate rights and interests of investors.



Investor Meeting



Masteel's Third Extraordinary General Meeting of 2025

Key Performance Indicators for Investor Communication

Investor conference calls / online meetings held

3

Investment bank strategy conferences attended

4

Investor visits received

13

Results briefings held

3

Investor meetings held

1

Investor roadshows held

2

Anhui Listed Companies' Collective Investor Reception Day attended

1



Upholding Business Ethics and Compliance

The Company fosters a culture of integrity and upright conduct. It improves the collaborative accountability mechanism for integrity governance, strengthens risk prevention systems for business ethics, enhances whistleblower protection and establishes an integrated supervision model combining discipline inspection, patrol inspection and auditing. The Company maintains zero tolerance for corruption and improves governance in business ethics.

Business Ethics

Masteel strictly complies with relevant laws and regulations including the *Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and the *Interim Provisions on Prohibiting Commercial Bribery*. The Company has established a comprehensive business ethics management system and strengthened oversight through clear policies and institutional arrangements to ensure honest and compliant business operations.

Business Ethics Governance Structure

The Company has established a business ethics governance framework with the Board of Directors as the highest decision-making body. The Audit and Compliance Committee under the Board oversees the implementation of business ethics standards and codes of conduct. The Discipline Inspection and Supervision Department (comprising the Party Committee Inspection Office and the Audit Department) serves as the responsible unit for ethics governance. To ensure independence and authority, the Company has also established an internal audit function that reports directly to the Board and conducts supervision and evaluation of risk management and internal control systems across business units.

Business Ethics Policies

The Company implements the *Compliance Management Measures of Magang Group* and the *Compliance Guidelines of China Baowu*, which include provisions on anti-corruption, fair competition, anti-monopoly, anti-commercial bribery and protection of trade secrets. The Company revised its *Compliance Management Measures* following organizational adjustments to further clarify compliance requirements in key areas, critical processes and core positions. To strengthen the implementation of business ethics policies, the Company continues to promote the use of standard contract templates, which incorporate explicit anti-bribery and anti-corruption clauses. This enables all business units to follow these standards, facilitating the internalization of ethical requirements into daily operational practices.

In 2025, in compliance with relevant laws and regulations on business ethics, the Company formulated the *Masteel Code of Conduct*. This Code clearly defines the management standards for the Company and its employees regarding business conduct, employee protection, social responsibility, information disclosure and management, environment, health and safety, and safeguards, among other aspects. (for details, please refer to [Code of Conduct](#))

Business Ethics Training and Communication

The Company actively conducts business ethics training and awareness programs to promote an anti-corruption culture and strengthen integrity awareness among employees and business partners. During the year, the Company provided anti-corruption training for directors, senior management and employees. Directors received an average of 30.75 training hours, employees received an average of 16 hours. A total of 136 training sessions were conducted, amounting to 202,818 cumulative training hours, effectively enhancing the integrity awareness of all employees.

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Integrity Culture Development at Masteel

The Company promotes integrity and compliance through multiple internal communication platforms, including the *Masteel Daily* and the "Masteel Home" WeChat official account. Dedicated columns such as "Integrity Culture," "Integrity Forum," and "Integrity Stories" were established, publishing more than 50 articles in total. In addition, a series of thematic reports—including *Integrity as the Spiritual Cornerstone of High-Quality Corporate Development* and *Forging the Industrial Spirit through Integrity*—were released. These initiatives systematically fostered a corporate culture that values integrity, credibility and compliant operations.

Masteel's Integrity Culture Month

In September 2025, to implement the important guidance of President Xi Jinping on building a culture of integrity governance, and in alignment with the requirements of the Party Committee of China Baowu, the Company organized the Integrity Culture Month campaign to promote the concept of "Integrity as the Foundation, Clean Governance as the Cornerstone." During the campaign, 43 integrity-themed artworks were collected and exhibited. Four debate competitions the themed "Integrity in Youth, Craftsmanship with Original Aspiration" were organized. A speech contest titled "Integrity Builds Dreams, Youth Leads the Way" was held, collecting 13 speeches. An essay competition under the themed "Integrity Builds the Future" received 86 submissions. Through these activities, the Company further strengthened integrity culture development and cultivated a clean, upright and compliant business environment.



Exhibition of Integrity Culture Works

"Nine Initiatives" Integrity Awareness Program

- Organize an Integrity Culture Exhibition ✓
- Organize mass participation cultural activities ✓
- Conduct a case-based warning education session ✓
- Establish a number of Integrity Service Stations ✓
- Launch a special communication campaign on integrity culture ✓
- Hold a promotion meeting on integrity culture development ✓
- Carry out pre-holiday integrity education ✓
- Organize a roundtable discussion on integrity culture ✓
- Conduct integrity risk identification and assessment activities ✓

Whistleblower Protection

To ensure effective handling of complaints and reports, the Company has optimized its reporting procedures and established multiple reporting channels including telephone, email, letters and face-to-face reporting. The Company encourages its internal employees and business partners to utilize these channels to report fraud or other misconduct. Upon receiving a report, the Discipline Inspection and Supervision Department conducts collective review and classification before carrying out investigations or transferring cases to relevant departments to ensure objective and fair handling.

The Company protects whistleblowers' legitimate rights by including protection clauses in policies such as the *Anti-Fraud Management Measures*. Whistleblowers may report anonymously, and their personal information and report content are strictly confidential. Retaliation in any form is strictly prohibited, and whistleblowers are afforded full protection throughout the investigation process. Where appropriate, individuals who make significant contributions through reporting may be rewarded, while their identity will not be disclosed without consent.

The Company also strictly prohibits malicious or false reporting and will address such cases in accordance with regulations to ensure the credibility and orderly operation of reporting channels. In 2025, the Company recorded no corruption-related litigation cases.

Reporting Channels of Masteel



Mailing address

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



Hotline

12388

Audit and Supervision

Masteel has established a continuous evaluation and improvement mechanism to enhance the effectiveness of business ethics management. The Company regularly conducts systematic internal audits and effectiveness assessments of the operation of its compliance management system to identify weaknesses and potential risks and take timely corrective measures. The Company also cooperates with supervisory authorities and other external organizations in inspections and reviews, and improves internal policies, procedures and controls to strengthen business ethics risk management.



Anti-Unfair Competition

Masteel is committed to fostering a fair and open market environment. In strict compliance with its *Compliance Management Measures* and other internal regulations, the Company has established an anti-monopoly compliance management system. Dedicated departments are responsible for key areas such as anti-unfair competition, anti-monopoly, and bidding management, coordinating the handling of related risk events. Anti-monopoly compliance liaison officers are also appointed to collect and report relevant data. To prevent monopoly and unfair competition risks, the Company issues risk alerts for agreements that may involve monopoly concerns and firmly opposes any form of unfair competition, monopoly, or other violations of business ethics.

During the Reporting Period, Masteel did not incur any fines or settlements related to unfair competition, conflicts of interest, money laundering, or insider trading. Furthermore, the Company was not subject to lawsuits or significant administrative penalties arising from unfair competitive practices.

Digital Tendering Platform Preventing Bid Rigging

The Company actively promotes digital management of bidding and tendering by fully adopting the Baohua Tendering System and Smart Tendering Platform. Leveraging group-wide tendering data and big-data technologies, the system automatically screens risks such as collusive bidding, false bidding, bid abandonment, and bid rigging, and promptly sends warnings to project owners. The platform improves efficiency and effectively prevents unfair competition, ensuring fairness, transparency and compliance throughout the tendering process.

SASAC Antitrust Compliance Training

In December 2025, the State Administration for Market Regulation and the State-owned Assets Supervision and Administration Commission invited Shi Jianzhong, Deputy Head of the Expert Advisory Group of the Antitrust and Anti-Unfair Competition Commission of the State Council, and Professor at China University of Political Science and Law, to deliver a lecture on anti-monopoly compliance titled "Strengthening Antitrust Compliance to Support High-quality Development," which covered key issues such as the identification, assessment, and prevention of antitrust risks. Masteel organized antitrust compliance liaison officers from subsidiaries and the Planning and Investment Department to participate in the training online, effectively enhancing the Company's antitrust compliance management capability.



Strengthening Oversight Mechanisms and Reinforcing the Risk Control System

Masteel adheres to the principle of compliant operations and embraces a sustainable development philosophy. The Company deeply integrates comprehensive risk management with ESG principles and continuously refines its "Three Lines of Defense" risk control framework. This approach provides a solid governance foundation for achieving strategic objectives and advancing high-quality development.

Risk Management

Masteel has established the *Comprehensive Risk and Internal Control Management Measures* to systematically build a risk management framework that covers the entire Company and spans all operational processes. The framework clearly defines the responsibilities of the Board of Directors, management, and business units in risk identification, assessment, response, monitoring, and improvement. By embedding risk management requirements into corporate governance and daily operations, the Company ensures effective compliance with regulatory requirements and enhances overall governance effectiveness.

Risk Management Structure

To enhance risk prevention and control and ensure stable and sustainable development, Masteel has established a risk management system centered on the "Three Lines of Defense" with the aim of clearly defining responsibilities across organizational levels and departments and promoting coordinated risk management, the Company strengthens its overall risk control capabilities and ensures resilient operations in a complex business environment.

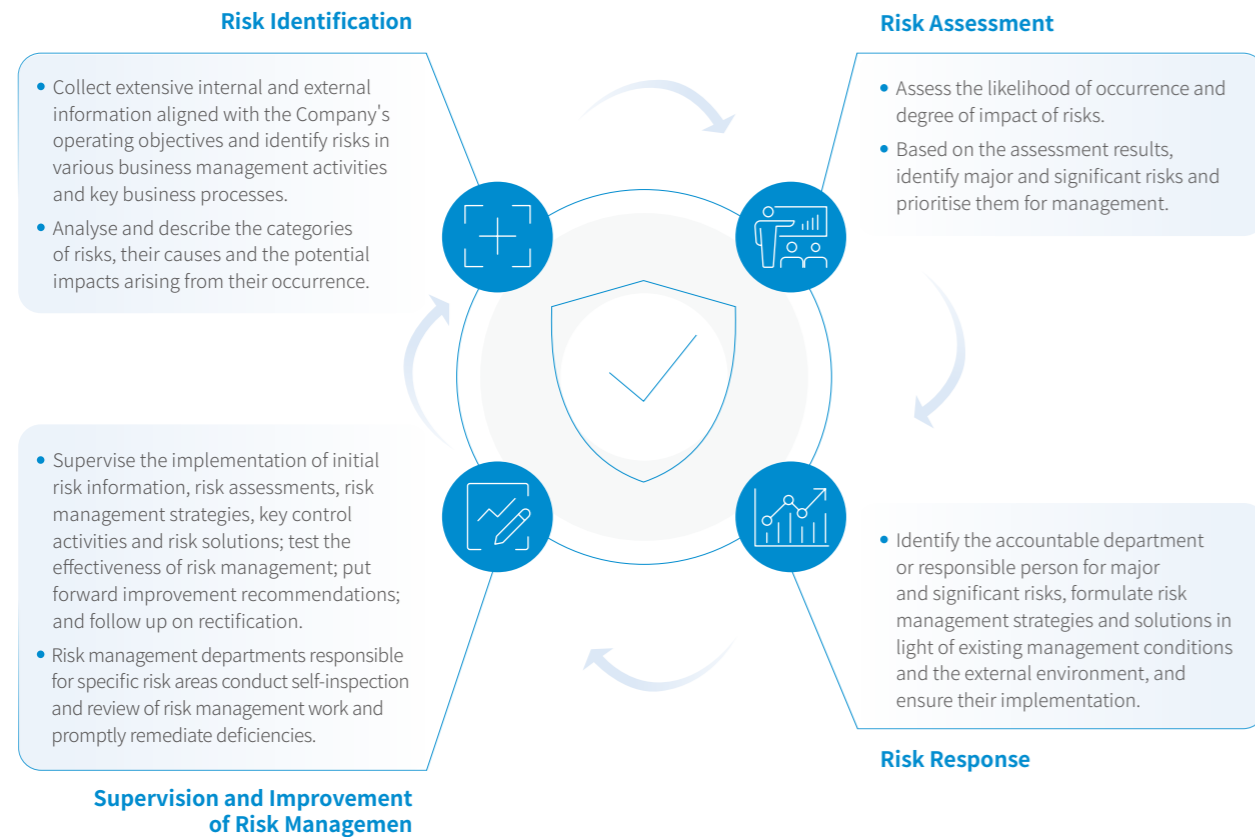
The Three Lines of Defense Framework for Risk Management



Risk Management Process

Based on sound corporate governance, scientific operational management, robust internal controls and effective emergency management, the Company has established a comprehensive risk management process covering risk identification, risk assessment, risk response, and the supervision and improvement of risk management, thereby implementing classified and tiered risk control.

Masteel Risk Management Process



Masteel actively advances risk assessment work. The Company's risk management and internal control departments organise comprehensive risk reviews on a quarterly basis, track the control status of key risks, prepare quarterly and annual reports, and report to the Board of Directors and its specialised committees. In 2025, the Company identified and assessed 12 major risks for the year and incorporated them into the *2025 Internal Control Evaluation Report*, including three emerging risks requiring particular attention: environmental protection risk, overseas legal litigation risk, and major public opinion and sudden mass incident risk. At the same time, the Company has incorporated ESG-related topics such as business ethics, production safety and environmental protection into its risk management system and continues to put sustainable risk management into practice.

Risk Management Training

Masteel continues to carry out risk management training to promote its risk management culture among all employees, including non-executive directors. In 2025, the Company organised a study session on the SASAC circular regarding the effectiveness spot-check and evaluation of internal control systems of 12 central SOEs in 2024, and conducted training on prevention of corporate legal risks, contract risk management, interpretation of ISO 37301, identification and response to corporate compliance risks, and prevention of fraudulent trade. These programmes significantly enhanced employees' capabilities in risk identification and response, thereby contributing to the enhancement of the Company's risk management effectiveness.

Internal Control

Masteel regards lawful and compliant operation as the foundation for long-term stability. The Company has established a sound compliance management system and audit supervision mechanism. Through institutionalized management, risk prevention and control in key areas, and routine compliance training, the Company enhances compliance awareness among all employees. Supported by independent internal audit, the Company strengthens the closed-loop rectification of issues and effectively safeguards standardized operations and continuous improvement in governance.

Compliance Management

In compliance with the *Compliance Management Measures for Central Enterprises* issued by the State-owned Assets Supervision and Administration Commission of the State Council, the *Compliance Management Measures* of China Baowu, and the *Compliance Management Measures* of Magang Group, Masteel has formulated the Company's *Compliance Management Measures* to promote sustainable, healthy and stable development. The Company has established a compliance management structure with clear hierarchy and well-defined responsibilities. The Compliance Committee (i.e. the Audit & Compliance Committee of the Board of Directors, the same below) is responsible for the organisation, leadership and overall coordination of compliance management; the Operation Improvement Department is responsible for overseeing company-wide compliance management; and all departments and subsidiaries assume primary responsibility for compliance management, thereby realising standardised management of the Company's compliance system.

For key compliance areas such as antitrust, tendering management, data security and investment management, the Company has designated lead management departments according to the functions undertaken by each unit. These departments are responsible for formulating specific compliance management rules in their respective areas, preparing compliance work plans and reports, and coordinating the handling of compliance risk incidents. In addition, these areas have served as scope of its certified compliance management system and have passed BSI (the British Standards Institution) audits for three consecutive years. In the 2025 audit, no non-conformities or written rectification items were issued, and the Company was awarded the compliance management system certification. All business units work collaboratively to ensure professional and effective handling of compliance matters and jointly build a responsive and robust compliance management system.

Masteel Compliance Training



Internal Control Audit

Masteel strictly complies with relevant laws and regulations, including the *Audit Law of the People's Republic of China* and the *Provisions of the National Audit Office on Internal Audit Work*, and has formulated the *Internal Audit System* to further strengthen the supervisory and assurance role of internal audit. The Internal Audit Department serves as the Company's internal audit body and is responsible for the supervision and inspection of the Company's business activities, risk management, internal control and financial information. When major issues or clues are identified, the Internal Audit Department promptly reports to the Audit and Compliance Management Committee, accepts its supervision and guidance, and strengthens rectification and the application of audit outcomes so as to effectively improve internal audit oversight.

During the year, the Company completed three key internal special audit projects covering major engineering projects, production and operating activities and the internal control system, and identified a total of 80 audit issues. The Company has established a closed-loop issue rectification mechanism and strengthened follow-up and supervision of potential risks identified in the audit process. As of the end of the Reporting Period, 66 audit issues were rectified, with the rectification completion rate for due items reaching 100%. At the same time, in response to potential financial risks arising in operations, the Company engaged external audit institutions to conduct special financial audits, effectively enhancing risk prevention and control capabilities and governance effectiveness.

Tax Management

Masteel consistently fulfils its tax obligations in accordance with the law. The Company has formulated and disclosed the *Tax Policy of Masteel*, which has been reviewed and approved by Senior Management and is publicly available on the Company's official website (for details, please refer to <https://www.magang.com.cn/>), clarifying its management philosophy and practices in relation to tax governance, tax compliance, external disclosure and transparency, and risk management, and has made the following important commitments:

- Comply with the tax laws and regulations of the countries/regions in which the Company operates and participate only in transactions with genuine commercial substance.
- Disclose the Company's tax matters externally in a transparent manner. The financial statements and audit reports include information on deferred income tax assets and liabilities, corporate tax provisions and tax rates.
- Do not adopt tax structures lacking commercial substance. The Company proactively follows national tax policy direction, supports the development of encouraged businesses, and lawfully and fully enjoys applicable tax incentives.
- Perform tax filing obligations in accordance with the law and maintain cooperative relationships with government authorities based on the principles of openness and transparency.
- Apply transfer pricing in accordance with the arm's-length principle and do not use differences in tax laws, loopholes in the international tax system or tax havens to avoid taxation, nor improperly shift value created to low-tax jurisdictions.
- Locate corporate entities based on business reasons, such as the location of customers, suppliers, raw materials and technology.

During the Reporting Period

the Company

did not experience

any material tax non-compliance incidents.



Strictly Safeguarding Security Red Lines and Strengthening Data Governance

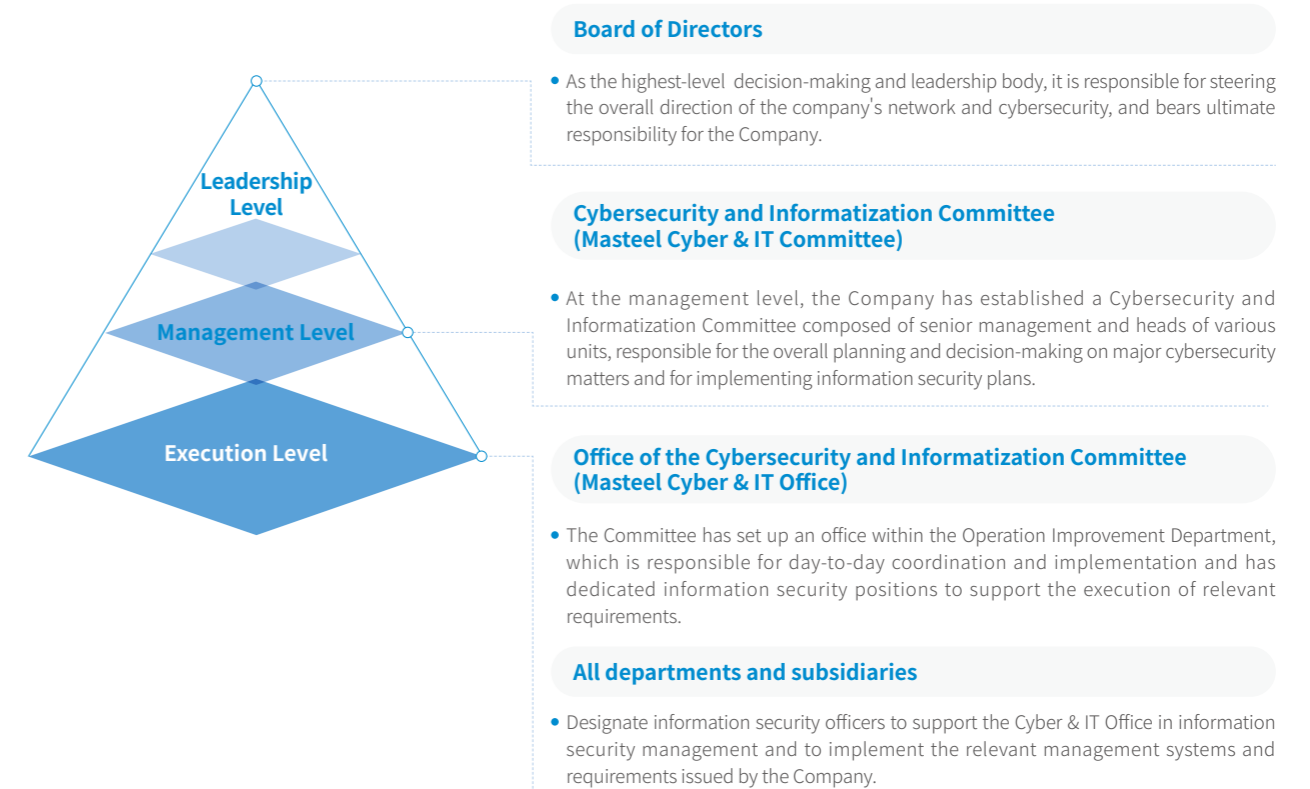
Against the backdrop of coordinated digitalisation and green, low-carbon development, Masteel has systematically built a governance system for cybersecurity and information security, improved its management structure, institutional processes and technical safeguards, fully implemented requirements for data security and customer privacy protection, and reinforced its information security defenses through routine risk monitoring, emergency response and the enhancement of security awareness.

Cybersecurity and Information Security Management System

With the overarching goal of establishing an advanced, complete and reliable information system security framework, Masteel has formulated internal management systems such as the *Digital Intelligence and Cybersecurity Management Measures*, established a sound information security governance structure, clarified the specific requirements for all units, departments and responsible persons, and ensured systematic management of the Company's cybersecurity and information security.

In terms of accountability mechanisms, all units have established and implemented a Party committee responsibility system for cybersecurity work, clearly defining primary and direct responsibilities and cascading cybersecurity responsibilities down to specific positions and personnel. In terms of supervision and reporting, the Company organises quarterly cybersecurity risk inspections and incorporates the relevant assessment results into the Company's comprehensive risk report, which is reported regularly to the Board of Directors, thereby ensuring a closed-loop supervisory process and information transparency.

Cybersecurity and Information Security Governance Structure



In accordance with the *Digital Intelligence and Cybersecurity Management Measures*, the Company continues to improve its information security management mechanisms to ensure effective implementation of cybersecurity and information security management. We have carried out and implemented work across key areas including system construction and data security, threat monitoring and compliance management, employee responsibilities for information security, and third-party security management. During the reporting period, the Company did not experience any information leakage incidents.

Information Security Management Mechanisms

System Construction and Data Security

- Strictly follow the "Three Synchronisations" principle of synchronised planning, synchronised construction and synchronised commissioning to ensure stable system operation and data integrity and security.
- Implement the graded protection system for information systems security to ensure the integrity, authenticity, availability, confidentiality and controllability of information systems and information.
- Apply differentiated protection according to data classification. Where data of different classifications are processed within the same data processing activity, the highest level of protection is applied uniformly.

Monitoring and Response to Information Security Threats

- Continue to strengthen the security protection capabilities for critical information infrastructure such as internet websites, and effectively monitor and respond to information security threats.

Implementation of Employee Information Security Responsibilities

- Comply with national laws and regulations and relevant Company rules. In accordance with the *Cybersecurity Standards of Magang Group*, clearly define the personal responsibilities of all employees in information security and regulate internet use and software installation and use.
- When transmitting data within the Company or between employees, use transmission methods such as the Company's internal email, internal instant messaging software or Company-provided mobile media, and encrypt the data. The use of external software such as personal public email accounts, MSN, QQ and WeChat for data transmission is prohibited.

Information Security Certification

- Continue to promote authoritative security certifications such as cybersecurity graded protection assessment. Five systems, including the information backbone network, obtained Level III certification, and 13 systems, including the integrated production-sales system, obtained Level II certification.

Third-party Information Security Management

- Require third parties to sign cooperation agreements that clearly include information security commitments and confidentiality responsibilities.
- Regulate third-party conduct and require compliance with the Company's safety rules and operating procedures; prohibit the unauthorised copying, carrying or disclosure of Company configuration parameters, business data and other information.
- Strictly control photography, video recording and audio recording by third-party personnel in key areas.

Disposal of Obsolete Information

- For discarded software, electronic materials and paper documents that are no longer in use, entrust designated units to handle them appropriately so as to prevent the leakage of important information.

To support the stable operation of information security and business continuity, the Company has implemented information security management plans and enters into an annual cybersecurity operations service agreement covering daily cybersecurity operations, employee security awareness training, security posture monitoring, interface work with state-owned assets supervision platforms, support for major events, attack-and-defenses exercises, and graded protection services. In 2025, Masteel conducted one tabletop exercise on information security, verifying the timeliness and effectiveness of the Company's cybersecurity emergency response system.

Cybersecurity and Information Security Risk Management

Masteel has established a routine monitoring and assessment mechanism for cybersecurity and information security risks to improve the Company's ability to withstand potential threats. In terms of emergency response, we have established a clear reporting and handling process for information security risk incidents. Once employees discover an incident, vulnerability or suspicious activity, they are required to report it immediately to the cybersecurity liaison of their unit. The liaison must organise preliminary response measures, contain the situation, and simultaneously report to the Cybersecurity Operations Centre, which records the incident and coordinates the response.

Information Security Risk Management Measures

Vulnerability Analysis, Threat Monitoring and Response

- Routine vulnerability monitoring: conduct daily scans for vulnerabilities and weak passwords, promptly notify the risks identified and assist in remediation.
- Real-time assessment of attack threats: monitor cyberattack activity in real time, accurately identify the type, severity and status of attacks, and dynamically provide response solutions.
- Malicious code behaviour analysis: monitor the activity of malicious code such as Trojans and viruses in real time, analyse the scope of spread and degree of harm, and respond rapidly.

Information Security Audit and Review

- The Company has incorporated IT infrastructure and the information security management system into the scope of internal audit to ensure the standardisation and effectiveness of related management.

To enhance overall cybersecurity defenses and employee security awareness, the Company carried out one cybersecurity awareness enhancement training through the online "Baowu Micro Academy" platform, covering managers, technical personnel, and operations and maintenance personnel, thereby comprehensively raising employee awareness of cybersecurity. At the same time, in accordance with the annual cybersecurity training plan, we planned and launched the "Cybersecurity Awareness Training for All Employees - Monthly On-site Delivery" programme, combining on-site training with online live broadcasting. A total of 11 on-site training sessions were organised to ensure that all employees could participate flexibly according to their actual circumstances.

Customer Privacy and Data Security

Masteel places great importance on customer privacy protection. In strict compliance with laws and regulations relating to privacy and information security, the Company has formulated internal management systems such as the *Guidelines on Personal Information Protection*, established a sound privacy protection management system, incorporated privacy and data security risks into the Company's overall risk management review and assessment process, and regularly reviews the implementation of privacy policies across all operating locations to ensure their effective enforcement.

We have established a comprehensive customer privacy protection mechanism that standardises process management for data collection, data storage and deletion, data transmission and data use, and imposes corresponding management requirements on employees. As the primary department responsible for customer privacy and security management, the Operation Improvement Department protects customer privacy and security in accordance with the law and effectively safeguards customer privacy rights and interests. For employees who violate privacy protection-related systems, the department will take corrective measures and corresponding disciplinary actions in accordance with relevant rules, thereby strengthening privacy protection awareness among all employees.

We require that the collection of personal information data must satisfy legal requirements and the principle of minimum necessity. Where there is no lawful basis for processing personal information, authorisation must be obtained from the relevant data subjects to protect their rights to know and to give informed consent.

To strengthen the Company's privacy protection capabilities, we continuously enhance data encryption mechanisms and implement graded access control and permission management. During the Reporting Period, the Company did not experience any customer privacy leakage incidents.

Key Privacy Protection Performance

Number of complaints involving infringement of customer privacy

0 cases

Information security and privacy protection violation incidents

0 cases

Financial amount involved in data security incidents

0 RMB 10,000

02



Advancing on a Green Course and Shaping an Ecological Blueprint

Masteel upholds the mission of "Green and Intelligent Steel for a Better Future" and deeply integrates sustainable development into its strategy and operations. In response to the multiple challenges of climate change, resource constraints and environmental protection, we improve energy efficiency and resource circularity, build a long-term environmental management system, implement resource-oriented pollutant treatment, and proactively address climate risks, with a view to systematically reducing our environmental footprint and enhancing ecological benefits.

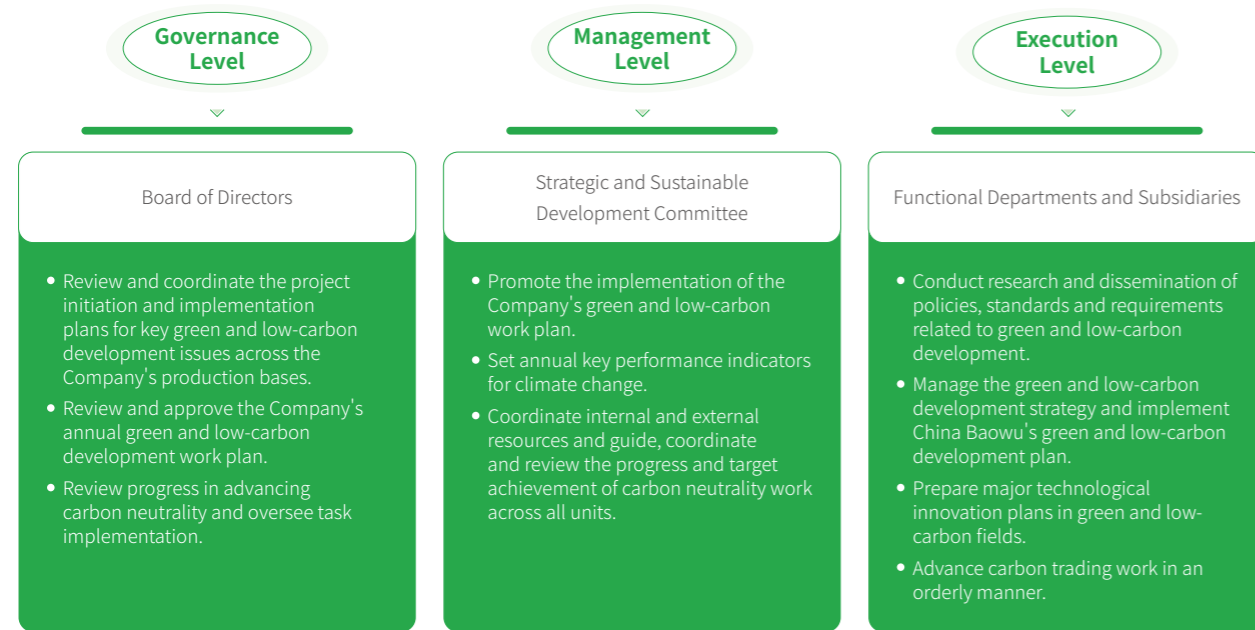
Addressing Climate Change and Advancing Low-carbon Transition

Climate change is a severe challenge faced by all humankind. As an important participant in China's steel industry, Masteel fully recognizes the responsibilities and opportunities in addressing climate change. In strict alignment with the requirements of the *International Sustainability Standards Board (ISSB) IFRS S2 Climate-related Disclosures*, and the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*, we have systematically established and improved a climate change management and disclosure framework comprising the four pillars of governance, strategy, risk management, metrics and targets. This framework is intended to transparently and comprehensively explain how we identify, assess and manage climate-related risks and opportunities, and how we deeply embed low-carbon transition into our strategy and operations, so as to enhance our own climate resilience while actively contributing to carbon neutrality goals in China and globally.

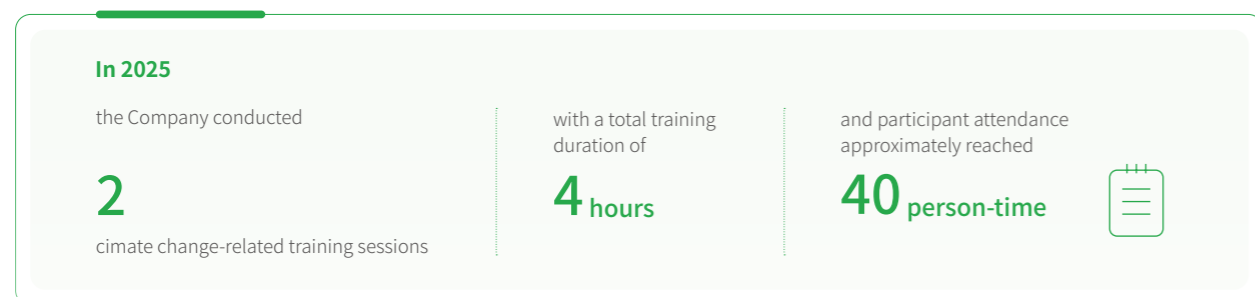
Governance

The Company has established a climate governance system with clear hierarchy, delineated responsibilities and efficient operation, ensuring that climate-related matters are fully embedded in all aspects of strategy, decision-making and execution.

Climate Change Governance Framework



Training Performance



Strategy

In the face of the severe challenges of global climate change and the historic opportunity for low-carbon transition, Masteel has deeply embedded climate action into its development strategy. Guided by clear carbon neutrality targets and supported by scientific scenario analysis, we have built a comprehensive climate action framework covering governance, mitigation and adaptation through systematic risk identification and management. We are committed to incorporating climate-related financial impacts into decision-making and, through continuous technological innovation and operational optimization, turning challenges into drivers of green transformation and long-term competitiveness, steadily moving toward a low-carbon and sustainable future.

Carbon Neutrality Strategy

Actively responding to the national "carbon peak and carbon neutrality" goals and following the overall deployment of China Baowu, the Company has established a clear carbon reduction vision and a stepped set of targets: taking 2020 as the base year, to build process technology capability for a 30% carbon reduction by 2025, to strive for a 30% reduction by 2035, and to move firmly toward the ultimate goal of carbon neutrality by 2050. To achieve these targets, we have charted a comprehensive decarbonization pathway covering the entire operational process, systematically advancing efforts across the following six key dimensions:

- Ultimate energy efficiency** Promote energy efficiency improvement projects across all processes and fully tap technological energy-saving potential.
- Energy structure optimization** Substantially increase the proportion of green electricity used, develop renewable energy such as photovoltaic power, and drive cleaner energy consumption.
- Metallurgical resource recycling** Build a closed loop of "steel production - waste recycling - secondary resource utilization" to maximize solid waste reutilization and recovery of residual energy.
- Low-carbon technology innovation** Develop high-performance green steel products based on advanced technologies such as short-process electric furnaces.
- Low-carbon metallurgy** Researching, developing, and promoting the application of breakthrough smelting technologies, including hydrogen- and oxygen-enriched blast furnaces and biomass-based metallurgy, to reduce fossil fuel consumption and the carbon footprint from the source of the production process.
- Negative emission technologies** Actively exploring and deploying negative carbon emission technologies such as Carbon Capture, Utilization and Storage (CCUS) and forestry carbon sinks to achieve a significant reduction in carbon emissions.

Scenario Analysis

With reference to ISSB recommendations and industry research results, the Company selected the Shared Socioeconomic Pathways (SSPs) adopted by the Intergovernmental Panel on Climate Change (IPCC) in the Sixth Assessment Report for physical risk analysis, namely SSP2-4.5 (medium-emission scenario) and SSP5-8.5 (high-emission scenario). For transition risk and opportunity analysis, focusing on future energy mix and emissions, the Company selected the International Energy Agency's (IEA) Net Zero Emissions (NZE) scenario.

Climate Change Scenarios

Scenario Type	Selected Scenario	Key Assumptions
Physical Scenario	SSP2-4.5	A medium-emission and moderate warming pathway. This scenario assumes that the world follows current climate policy commitments, with carbon dioxide (CO ₂) emissions peaking around the middle of the century and then declining gradually. By 2100, the increase in global average temperature is expected to be approximately 2.4°C to 3.1°C above pre-industrial levels, reflecting a likely climate state under current policy commitments and serving as a baseline scenario for assessing physical impacts.
	SSP5-8.5	A high-emission and high-intensity warming pathway. This scenario assumes heavy global reliance on fossil fuels, with economic development taking priority over environmental protection and CO ₂ emissions continuing to rise rapidly. By 2100, the increase in global average temperature may reach 3.3°C to 4.8°C, representing the most challenging and highest-risk future and serving to assess the Company's physical vulnerability and resilience under extreme climate change.
Transition Scenario	NZE	This scenario describes a global pathway aimed at meeting the <i>Paris Agreement</i> goal of limiting warming to within 1.5°C, under which global CO ₂ emissions peak no later than 2025 and fall to net zero by 2050.

Taking into account the national "carbon peak and carbon neutrality" goals together with the Company's own development plans, the Company has defined the impact horizons as follows: short term from 2025 to 2030, medium term from 2031 to 2035, and long term from 2036 to 2050.

Based on the above scenario analysis and time-horizon definitions, we identified the following transition-related climate risks and opportunities that could have a material impact on the Company and formulated corresponding management strategies.

The Management and Strategies of Climate-related Transition Risks and Opportunities

Risk Type	Risk Name	Impact on Business	Impact on Finance	Time Horizons of Impacts	Degree of Impact	Measures
Transition Risk	Risks relating to carbon allowances and dual-control regulation	<p>Bottlenecks in long-process decarbonization: blast-furnace ironmaking is the core source of emissions, and existing energy-saving technologies can only deliver limited reductions, while breakthrough technologies such as hydrogen metallurgy and Carbon Capture, Utilization and Storage (CCUS) are still at the demonstration stage, making large-scale deployment challenging in terms of technology, cost and supporting industrial chains.</p> <p>Constraints on expansion of short-process production: due to intense competition for scrap steel resources in East China and the relatively high cost of green electricity, the development of electric-furnace short-process production is constrained.</p> <p>Pressure from carbon allowances and compliance: if carbon emissions intensity is significantly above industry benchmarks, the Company may need to purchase allowances, reduce output, or face legal and compliance risks, directly increasing manufacturing costs and affecting production continuity.</p>	<p>In the short term, the initial allocation of allowances in the national carbon market is relatively loose, and overall compliance costs are manageable.</p> <p>In the medium to long term, as allowances are gradually tightened and assessments under the "dual control regulation (of total energy consumption and energy intensity)" regime become stricter, if decarbonization progress lags, compliance costs (including allowance purchases and technological upgrade investment) are expected to rise significantly and place sustained pressure on capital expenditure.</p>	Medium to long term	High	<p>Management systems: the Company has established a carbon management system and carbon asset management mechanism, launched internal carbon pricing, and strengthened precise allowance management.</p> <p>Technology-based decarbonization: implement energy-saving upgrades in key processes such as coking, sintering and blast furnaces; reduce energy consumption and carbon emissions per ton of steel through sinter machine optimization, blast furnace injection technology upgrades and recovery of residual heat from slag-flushing water.</p> <p>Supply chain collaboration: carry out pilot cooperation with core suppliers on carbon credits and procure low-carbon raw materials such as low-carbon iron ore to reduce emissions at source.</p> <p>Carbon trading: adopt the strategy of to purchase allowances at lower prices and sell at higher prices for carbon allowances, using listing transactions, block trades and individual transactions to minimize compliance costs and improve carbon finance returns.</p>
		<p>Low-carbon technology and equipment risk</p>	<p>As breakthrough deep-decarbonization technologies such as CCUS currently have low technological maturity, require substantial investment and have uncertain economics, there is a risk of selecting the wrong technology pathway, investment failure, or failure to achieve timely large-scale deployment.</p>	<p>In the short to medium term, ongoing large capital investment is required for frontier technology R&D and demonstration projects. Technology iteration may further increase costs, and the long payback period may affect profitability and cash flow. In 2025, the Company invested RMB 4.5 billion in emission reduction technologies.</p> <p>In the long term, the benefits generated by emission reductions from low-carbon technologies and equipment can further offset costs.</p>	Short to medium term	Medium
Transition Opportunity	Products and services	<p>The global green and low-carbon transition is generating significant demand for low-carbon steel. Anhui Province's development of a trillion-yuan new energy vehicle industry cluster provides broad market opportunities for the Company's products such as high-strength steel and electrical steel.</p>	<p>As low-carbon high-end products generally enjoy market premiums, they can enhance the Company's overall profitability in the short term.</p> <p>In the medium to long term, tapping into green markets helps optimize the product structure, strengthen brand value and customer loyalty, and increase returns.</p>	Short to medium term	Medium	<p>The Company is increasing R&D and certification efforts for low-carbon products such as steel for new energy vehicles and silicon steel for high-efficiency motors. At present, the Company's high-speed railway wheelsets and H-Shaped Steel have obtained EU CECP certification, and in 2025 sales volume of the Company's high-end section steel increased by 20%.</p>

Risk Type	Risk Name	Impact on Business	Impact on Finance	Time Horizons of Impacts	Degree of Impact	Measures
Transition Risk	Carbon tariff risk	<p>The EU Carbon Border Adjustment Mechanism (CBAM) requires the accounting and reporting of embedded carbon emissions in products, and carbon tariffs may be imposed starting from 2026. This may directly increase export costs to Europe, weaken price competitiveness, and impose very stringent requirements on data accounting compliance.</p>	<p>In the short term, the main impact will be compliance expenditure arising from data accounting, third-party verification and system development. In 2025, the Company's carbon data monitoring system construction expenditure amounted to RMB 3.49 million.</p> <p>In the medium to long term, carbon tariffs will directly increase costs and erode export product margins. The specific amount will depend on EU carbon prices, the carbon intensity of the Company's products and export volumes.</p>	Medium to long term	Medium	<p>The Company has already established a compliance foundation and low-carbon advantages, and manages the risk systematically across six dimensions: data compliance, product upgrading, technological decarbonization, energy transition, supply chain collaboration and green finance. Going forward, the Company will continue to promote increased electric-furnace capacity, expansion of green electricity use and CCUS projects, further lowering emissions intensity and converting carbon tariff costs into low-carbon competitiveness.</p>
		<p>Low-carbon technology and equipment risk</p>	<p>As breakthrough deep-decarbonization technologies such as CCUS currently have low technological maturity, require substantial investment and have uncertain economics, there is a risk of selecting the wrong technology pathway, investment failure, or failure to achieve timely large-scale deployment.</p>	<p>In the short to medium term, ongoing large capital investment is required for frontier technology R&D and demonstration projects. Technology iteration may further increase costs, and the long payback period may affect profitability and cash flow. In 2025, the Company invested RMB 4.5 billion in emission reduction technologies.</p> <p>In the long term, the benefits generated by emission reductions from low-carbon technologies and equipment can further offset costs.</p>	Short to medium term	Medium
Transition Opportunity	Products and services	<p>The global green and low-carbon transition is generating significant demand for low-carbon steel. Anhui Province's development of a trillion-yuan new energy vehicle industry cluster provides broad market opportunities for the Company's products such as high-strength steel and electrical steel.</p>	<p>As low-carbon high-end products generally enjoy market premiums, they can enhance the Company's overall profitability in the short term.</p> <p>In the medium to long term, tapping into green markets helps optimize the product structure, strengthen brand value and customer loyalty, and increase returns.</p>	Short to medium term	Medium	<p>The Company is increasing R&D and certification efforts for low-carbon products such as steel for new energy vehicles and silicon steel for high-efficiency motors. At present, the Company's high-speed railway wheelsets and H-Shaped Steel have obtained EU CECP certification, and in 2025 sales volume of the Company's high-end section steel increased by 20%.</p>

As extreme weather events become more frequent, enterprises face more severe challenges in production and operations, logistics and transportation, and supply chain stability. Based on analysis under the SSP2-4.5 and SSP5-8.5 scenarios, we identified physical risks such as flooding, typhoons and rainstorms, and extreme low temperatures that could potentially affect the Company. Taking into account the actual nature of these impacts, we assessed the potential for production interruptions, asset losses and increased costs under different severity scenarios. To systematically enhance operational resilience, the Company has formulated management strategies from multiple dimensions, including engineering protection, operational optimization and emergency management, and has purchased property insurance for key assets to strengthen the resistance and recovery capabilities in response to climate risks.

The Management and Strategies of Climate-related Physical Risks

Risk Type	Risk Name	Impact on Business	Impact on Finance	Time Horizons of Impacts	Degree of Impact	Measures
Physical Risk	Flooding	As the Company is located close to the Yangtze River, extreme heavy rainfall or severe flood conditions may inundate plant areas, damage key equipment, force some production lines to shut down, threaten personnel safety, and result in production interruptions and revenue losses.	SSP2-4.5 scenario: stable preventive expenditure on flood-control material reserves, dyke reinforcement and annual emergency drills. SSP5-8.5 scenario: the frequency and intensity of extreme flood events may increase significantly, potentially resulting in asset losses, business interruption losses and higher post-disaster recovery costs.	Medium term	Low	Emergency management: strictly implement the <i>Emergency Plan for Flood Prevention and Flood Control</i> , and carry out material stocking, hidden-risk inspections, practical drills and training before each flood season. Warning linkage: inspect flood-prevention work at operating sites during each flood season; deploy preventive measures in advance; arrange personnel to be stationed on embankment sections on schedule; and conduct embankment patrols and risk inspections. Supply chain resilience: formulate the <i>Production Assurance Plan for Flood Season</i> and adopt measures such as replacing storage with shipping to ensure the stability of raw material supply during the flood season.
	Typhoon	Strong winds may damage buildings, structures and elevated facilities, while accompanying heavy rainfall may trigger waterlogging and landslides, affecting logistics and transportation, raw material supply and production stability.	SSP2-4.5 scenario: mainly costs of windproof reinforcement works, drainage system maintenance and emergency supplies. SSP5-8.5 scenario: more frequent and more severe extreme weather may result in more significant asset losses, supply chain interruption losses and increases in insurance premiums.	Short term	Low	Facility reinforcement: assess and strengthen the wind resistance of plants, covered storage yards and other facilities. Drainage assurance: regularly dredge and clear drainage pipe networks to ensure smooth drainage during heavy rainfall.
	Extreme low temperatures	Severe cold and freezing weather may cause production equipment and pipelines to crack, affect the stable supply of raw fuels and materials, lead to production fluctuations or unplanned shutdowns, and increase supply assurance and maintenance costs.	SSP2-4.5 scenario: routine winter costs of anti-cold and anti-freeze materials, equipment insulation and energy consumption. SSP5-8.5 scenario: more frequent and severe cold surges may lead to longer production interruptions and substantial increases in repair costs and energy costs (heating).	Short term	Low	Resource reserves: formulate the <i>Winter Supply Assurance Plan</i> and increase safety stock levels for key raw fuels and materials. Emergency plans: formulate a dedicated emergency plan for extreme cold weather to ensure rapid response.
	Extreme high temperatures	Persistent high temperatures may reduce the efficiency of cooling systems for production equipment and increase failure rates, thereby affecting production stability and efficiency. At the same time, they pose serious threats to the health of employees engaged in outdoor work, increasing occupational health risks such as heatstroke and heat exhaustion, which may result in lower labour productivity.	SSP2-4.5 scenario: mainly increased costs for heatstroke prevention materials, additional equipment maintenance and high-temperature allowances. SSP5-8.5 scenario: more frequent and prolonged heatwaves may significantly increase cooling energy consumption and equipment maintenance costs, and cause greater productivity losses due to health impacts and operational restrictions.	Short term	Low	Management measures: formulate and drill emergency plans for high-temperature weather; strictly implement requirements restricting outdoor work during high-temperature periods (for example, from 10 a.m. to 3 p.m.). Health protection: provide adequate heatstroke prevention supplies, medicines and cooling beverages; and strengthen safety training and health monitoring for high-temperature operations.

Climate Adaptation Plan

To systematically enhance the Company's resilience against the physical and transition climate risks identified above and to safeguard operational continuity and stability, the Company has developed a climate adaptation plan that integrated throughout the full value chain from strategic planning to production execution and encompasses all business segments. The Company also formulates an annual fixed-asset investment plan covering energy conservation, environmental protection, carbon reduction and technological upgrades, providing dedicated support for low-carbon transition and climate adaptation capacity building across all production bases.

In terms of climate adaptation, the Company has established a robust carbon management system and obtained relevant certification. It completed annual carbon emissions verification and monthly record-filing, laying the data and institutional foundation for participation in the national carbon market and for the management of climate-related financial risks. The Company was also the first to publish carbon footprint data for four product categories - steel bars, billets, pickled sheets and axles - on the steel industry Environmental Product Declaration (EPD) platform. Notably, Masteel's crude steel (wheels) recorded carbon emissions of 0.952 tCO₂/t, representing a 34.35% reduction in carbon footprint assessment data and marking a further step toward greener development.

In terms of climate mitigation, we vigorously implemented energy-saving and carbon-reduction technology upgrades, completing projects such as energy-saving improvements to the heavy H-Shaped steel reheating furnace of the long products business and the pump station water system. In 2025, these efforts delivered technical energy savings equivalent to 44,800 tons of standard coal. We also actively applied new technologies, including hydraulic servo motors, AI control of dust-removal fans, near-zero residual oxygen combustion technology, highly efficient flue-gas heat exchange facilities, variable-frequency control for combustion air and new nano-insulation materials. In parallel, we initiated leading low-carbon process innovations such as near-net-shape cast-rolling integration for bar products, reducing energy consumption and carbon emissions at source.

The Company successfully developed low-carbon-emission H-Shaped Steel, the low-carbon wheel BHP970, and the low-carbon steel product MARC10 steel coils certified by SCS Global Services (SCS), in response to downstream customers' demand for greener products. Detailed information on the relevant energy-saving and carbon-reduction technologies is provided in "2.2 Energy Conservation, Carbon Reduction and Efficiency Improvement through Resource Circularity."



Carbon Management System Certification Certificate



Low-Carbon Steel Certificate for Crude Steel (Wheel)



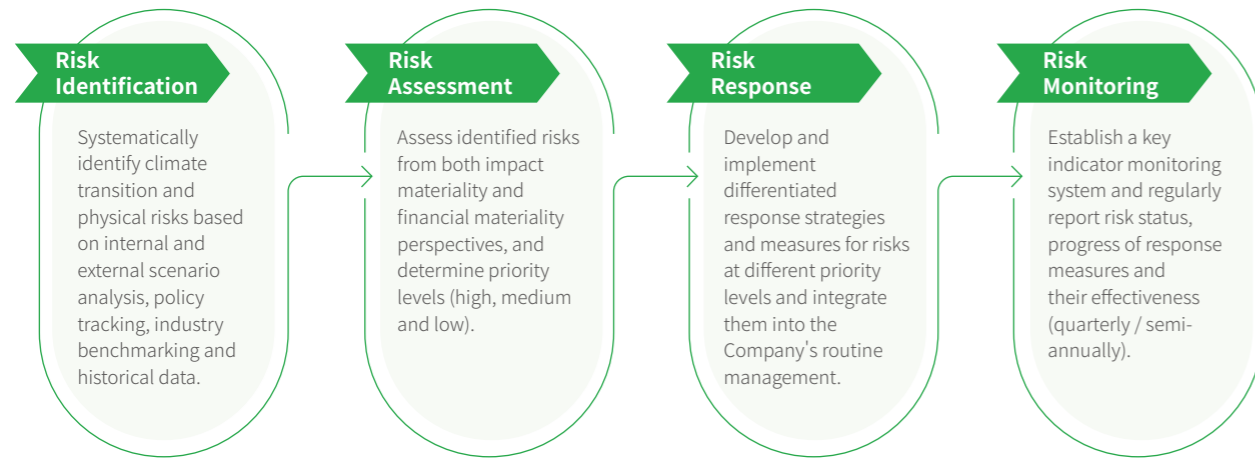
Carbon Footprint Assessment Certificate for Hot-Dip Galvanized Steel Coil



Risk Management

We have incorporated climate-related risks into the Company's comprehensive risk management framework and follow a closed-loop process of "Identification - Assessment - Response - Monitoring" to ensure that risks remain under control.

Climate Risk Management Process



The Company has established a comprehensive risk management system and prepared the *List of Environmental Risks and Opportunities* covering nine categories of risks and opportunities, including pollutant emissions, major risk sources, ecological protection and compliance obligations. The Company has also developed a systematic response mechanism across four dimensions: governance, operations, finance and emergency.

Risk Response Mechanisms

Governance Controls

- Climate targets are incorporated into the performance appraisal systems for executives and employees to ensure accountability.
- The carbon management system, environmental management system and related systems continue to be improved to achieve institutionalized and process-based management.

Operational Controls

- Through ongoing energy-saving upgrades, circular economy initiatives and energy structure optimization, the Company directly reduces carbon intensity and energy costs, thereby mitigating the impacts of carbon costs and physical risks at source.
- Through ultra-low-emission retrofits, advanced wastewater treatment, noise control and standardized hazardous waste management, the Company ensures stable, compliant pollutant discharge.
- For major risk sources such as gas, hazardous chemicals and radioactive sources, on-site control is strengthened, storage requirements are strictly enforced, and inspections, patrols and regular hazard investigations are conducted.

Financial Controls

- Annual budgets are prepared for risks that may lead to direct cash outflows, such as carbon quotas and carbon tariffs.
- To address property losses arising from physical risks and sudden environmental incidents, adequate property insurance is purchased to transfer financial risk.

Emergency Controls

- For acute physical risks, the Company has established a sound emergency response system and regularly organizes emergency drills to ensure rapid and effective response in emergencies and to minimize losses to the greatest extent possible.

Metrics and Targets

We have established a set of quantitative climate-related indicators² to measure implementation progress and the effectiveness of our climate strategy.

Carbon Emission Reduction Targets and Performance for 2025

Indicator	Actual Achievement
Carbon emissions per ton of steel ≤ 1.86 ton of carbon/ton of steel	1.85 ton of carbon/ton of steel, achieved
Carbon emissions per RMB 10,000 of output ≤ 4.6 ton of carbon/RMB 10,000	4.39 ton of carbon/RMB 10,000, achieved

Company Carbon Emissions over the Past Three Years^{3,4}

Indicator	Unit	2023	2024	2025
Total carbon dioxide emissions	10,000 tons	3,887.80	3,685.70	3,458.16
Total carbon dioxide emissions (Scope 1)	10,000 tons	3,580.19	3,411.84	3,252.54
Total carbon dioxide emissions (Scope 2)	10,000 tons	307.61	273.86	205.62



² Regarding cross-industry metrics, the Company has applied the relevant exemption clauses and will temporarily withhold disclosure of the associated indicators for this year.
³ The total carbon dioxide emission (Scope 2) is solely for disclosure in this ESG report in accordance with the *Guidelines for Sustainability Reporting of Listed Companies* and is not included in the carbon market compliance for the steel industry.
⁴ The total carbon dioxide emission (Scope 3): Apply the reasonable data exemption, and carbon dioxide emissions (Scope 3) will not be disclosed for the current reporting year.

Energy Conservation, Carbon Reduction and Efficiency Improvement through Resource Circularity

The Company has deeply embedded green and low-carbon development into its high-quality development strategy and systematically established an integrated operating model of "energy conservation, carbon reduction and circularity". Supported by sound systems and driven by technology, the Company optimizes the energy mix, enhances energy efficiency, promotes water conservation and recycling, advances solid waste resource recovery and energy reutilization, and strengthens its green competitiveness.

Energy Management

In energy management, the Company systematically identifies and responds to policy, market and operational risks while also capturing opportunities in technology and industrial development. It has established a management loop of "identify - respond" and advances work systematically across three dimensions - management foundation, technology-driven improvement and structural optimization - with the goal of improving energy performance and building a safe, economical and clean modern energy system.

Energy Governance

The Company has established an energy governance structure under which the Board makes overall decisions, management coordinates implementation and each unit is responsible for execution (see also "2.3 Enhancing Environmental Protection to Promote Harmonious Coexistence"). Improving energy efficiency and optimizing the energy mix have been defined as core strategic objectives. The Company successfully passed the on-site acceptance and public disclosure process for the "Best Practice Energy Efficiency Benchmarking Demonstration Enterprise under the Dual Carbon Initiative", laying a solid foundation for sustainable operations. In 2025, the Company set clear energy-efficiency indicators and reviewed them regularly, and both comprehensive energy consumption per ton of steel and energy consumption per RMB 10,000 of output achieved the annual targets.

Highlight Performance

In December 2024, the Company received and publicly announced the designation of "Best Practice Energy Efficiency Benchmarking Demonstration under the Dual Carbon Initiative", and has successfully maintained this benchmark level of energy efficiency performance in 2025.



Performance of Energy Indicator and Targets

Indicator	Unit	Target	Actual	Completion Status
Comprehensive energy consumption per ton of steel	Kilogram of standard coal/ton	578	574.45	Achieved
Energy consumption per RMB 10,000 of output	Ton of standard coal/RMB 10,000	1.575	1.521	Achieved

Energy Risk Prevention and Opportunity Management

The Company systematically identifies risks and opportunities in energy management, has developed the *Energy Management Risks and Opportunities List*, and established a closed-loop management mechanism that transforms risks into drivers of improvement and uses opportunities to support transformation.

Risks and Opportunities in Energy Management

Risks	Opportunities
Operational risk: The balance and buffering capacity of the energy system requires further strengthening, and occasional gas flaring affects energy efficiency and economic performance.	The national "carbon peak and carbon neutrality" strategy, the "1+N" policy framework and large-scale equipment renewal policies provide clear policy direction and market windows for the Company's green and low-carbon technology upgrades and equipment renewal.
Management risk: The quality of energy and carbon emissions data and the level of refined management need further improvement, and the existing digital systems require stronger real-time support and intelligent control capability at the production site.	Anhui Province is building a trillion-RMB new energy vehicle industry cluster, creating significant market growth potential for low-carbon, high-end products such as high-strength steel and electrical steel for new energy vehicles.
Market risk: The Company still needs to deepen its understanding of and preparedness for emerging policy requirements such as compliance in the national carbon market, and faces compliance challenges and potential cost pressure.	The rapid integration of AI technologies and the industrial internet provide powerful tools and solutions for intelligent control of energy systems, process optimization and the pursuit of maximum energy efficiency.

To systematically address energy management risks and seize opportunities in the green transition, we have adopted an integrated strategy of "management foundation, technology-driven improvement and structural optimization". On the management side, we strengthen compliance capabilities and basic management to support the dual-control mechanism for carbon emissions and to address market risks. On the technology side, centering on the "ultimate energy efficiency" program, we rely on benchmarking platforms and smart information systems to promote advanced energy-saving technologies and explore AI-enabled applications to enhance energy efficiency and data support capability. On the structural side, the Company is focusing on projects such as Phase III power generation, increasing the proportion of self-generated electricity, and conducting systematic end-to-end energy efficiency improvement campaigns to optimize energy system operation and fundamentally enhance system stability and energy-use efficiency.

Energy Management System

The Company is committed to building a green, low-carbon modern steel enterprise, deepening its energy management system and improving energy utilization efficiency. In strict compliance with laws and regulations including the *Energy Conservation Law of the People's Republic of China*, and in response to national policy requirements and business development needs, the Company revised the *Procedures for Energy Saving and Consumption Reduction Management* and the *Energy Measurement Management Standard*, integrating energy and metering management requirements into routine management processes and effectively improving standardization and digitalization. On this basis, the Company regularly reviews the energy management system, sets and tracks annual key performance indicators and strengthens control over major energy-use processes to ensure the system remains effective.

Energy-Saving and Consumption-Reduction Actions

The Company takes the "ultimate energy efficiency" program as a core lever and continues to unlock energy-saving potential across all processes through technological upgrades, management optimization and full employee participation, thereby delivering sustained improvements in energy performance.

Energy-Saving and Consumption-Reduction Actions during the Year

- Energy-saving technology upgrade projects**
 - Completed energy-saving upgrades to the heavy H-Shaped Steel and large H-Shaped Steel reheating furnaces of the long products business and an optimization project for the pump-station water system, while continuing projects such as servo energy-saving retrofits for the hydraulic station of the cold rolling mill and energy consumption optimization for coking dust-removal fans at the ironmaking plant.
- Demonstration new technologies**
 - During the retrofits, the Company applied hydraulic servo motor technology, permanent magnet motors for fans and pumps, and AI control technology for dust-removal fans for the first time, generating strong demonstration effects.
 - The Company also adopted near-zero residual oxygen combustion technology, introduced high-efficiency flue-gas heat exchange facilities, carried out variable-frequency retrofits for combustion air and used new nano-insulation materials, significantly reducing energy consumption in the production process.

Highlight Performance

In 2025

the Company completed

7

energy-saving projects

with total investment of

RMB 74.8745 million

and delivered cumulative technical energy savings equivalent to

44,800 tons of standard coal

Systematic Power-Saving Retrofit of Dust Removal Facilities

To reduce the operating cost of environmental protection facilities, the Company implemented the systematic retrofit of high-energy-consumption dust removal systems. Through variable-frequency retrofits for 137 sets of equipment, the use of high-efficiency fans and optimized interlock controls, together with refined management measures such as synchronous fan start-stop and centralized production scheduling, the Company achieved a significant decline in electricity intensity. From 2023 to 2025, the average monthly electricity cost of dust removal facilities decreased by 12.59%. While ensuring compliance with environmental standards, the project delivered a win-win outcome for both environmental performance and economic benefits.



Research at production factory



On-site investigation

Intelligent Upgrade of the Heating Systems for Coke Ovens No. 7 and No. 8 at the Ironmaking Plant

To address the low precision and high energy consumption of manual temperature measurement and control in traditional coke ovens, the Company implemented an intelligent upgrade of the heating systems of Coke Ovens No. 7 and No. 8 and established an integrated intelligent temperature-control system covering perception, decision-making and regulation. By innovatively applying the vertical flue infrared temperature-measurement system and a data-model analysis system, the Company developed an emergency regulation model for furnace temperature under abnormal conditions in 7.63 m coke ovens. This enabled precise automatic temperature control, keeping temperature fluctuations within $\pm 5^{\circ}\text{C}$. The upgrade reduced heat consumption intensity by more than 3% and generated economic benefits of approximately RMB 5 million per year, representing a typical example of intelligence-enabled energy efficiency improvement.

Bottom-Blowing Strong Stirring Project for Electric Arc Furnace Steelmaking

To improve smelting efficiency in electric arc furnaces and reduce carbon emissions at source, the Company innovatively applied strong bottom-blowing stirring technology to optimize the smelting process. Three bottom-blowing nozzles were installed in the furnace bottom, and inert gas was injected to intensify bath stirring, homogenize molten steel temperature and composition, and improve dephosphorization and decarburization efficiency. This technical upgrade reduced average smelting cycle time and electricity consumption intensity while also significantly lowering the consumption of metallic charge and lime.

Energy Structure Optimization

The Company continues to optimize the energy consumption structure. By combining self-generation/self-consumption with purchases of green electricity, we significantly increases the share of clean energy use and reduces carbon emissions at source. During the reporting period, total purchases of green electricity increased by 22.46% year on year. At the same time, the Company continued to advance distributed rooftop photovoltaic power generation at its plants, further increasing total installed photovoltaic capacity and laying a solid foundation for cleaner energy use.

Highlight Performance

In 2025

the Company purchased

698 million kWh

of green electricity from external sources

The total coal consumption was

11.8176 million tons

decreased

0.3%

from the previous year

The self-generated photovoltaic green electricity was

47.8861 million kWh

and the total installed photovoltaic capacity reached

74.2 MW



To reduce carbon emissions at source, the Company prioritizes process routes featuring optimized raw material structures when organizing the production of low-carbon products. By adding scrap silicon steel to blast furnaces and through multi-point scrap charging in steelmaking areas such as torpedo ladles, converters and LF furnaces, the Company systematically increases scrap utilization. It also expands scrap consumption by increasing the use of silicon-steel scrap, adjusting scrap ratios, optimizing converter auxiliary material structures and replacing traditional slag-forming materials with a "lime + scrap steel" route. Through this series of process improvements, the Company controls the hot metal to steel ratio below 0.75 in the production of low-carbon products, thereby reducing carbon intensity per ton of steel and advancing product decarbonization.

The Company Energy Consumption Performance

Indicator	Unit	2025
Total raw coal consumption	10,000 tons	361.12
Total washed clean coal consumption	10,000 tons	820.64
Total coke consumption	10,000 tons	312.67
Total diesel consumption	Ton	4,526.35
Total gasoline consumption	Ton	7.94
Total natural gas consumption	10,000 m ³	7,707.36
Total electricity consumption	100 million kWh	40.50
Total steam consumption	Ton of standard coal equivalent	14,364
(Purchased) Total residual heat energy consumption	Ton of standard coal equivalent	0
Comprehensive energy consumption	MWh	87,414,833.69
Comprehensive energy consumption intensity	MWh/ton steel	4.68

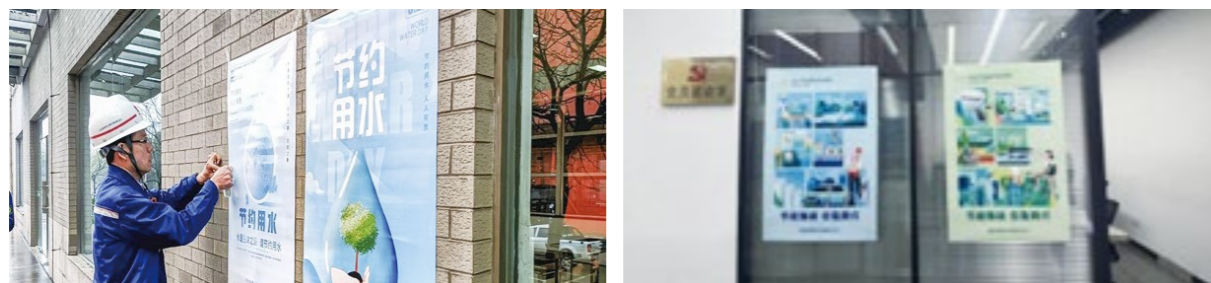
Enhancing Energy-Saving Awareness

The Company attaches importance to raising employees' awareness of energy conservation. Through themed activities such as the Energy Conservation Awareness Week and Low-Carbon Day, as well as regular monthly/quarterly meetings, it conducts awareness campaigns and educational sessions on energy saving and carbon reduction. Over the year, the Company displayed over 100 posters with themes on green, low-carbon, and environmental protection. Furthermore, it organized specialized training programs, including those on enhancing energy and low-carbon system capabilities, carbon emission management, and the "Beautiful China, Action Starts with Me" initiative. These sessions featured lectures by distinguished experts, including academicians and industry specialists, covering core areas such as policy interpretation and technological frontiers. All these efforts are aimed at comprehensively elevating the entire workforce's consciousness regarding energy, environmental protection, and low-carbon management.

Energy Conservation Publicity Week - "Improve Energy Efficiency, Renewed Leadership"

From 23 to 29 June 2025, the Company organized a themed publicity week entitled "Improve Energy Efficiency, Renewed Leadership" to systematically cultivate energy-saving awareness and professional capabilities among all employees and foster an energy-saving culture. Key activities included:

- Conducting publicity through posters and multiple online channels such as Masteel Daily, the Masteel publicity website and the Masteel Home WeChat official account.
- Organizing themed training on energy management and new technologies, improving the professional capabilities of more than 50 key-position employees.
- Successfully holding the first Outstanding Green and Low-Carbon Case Selection, identifying and promoting the top 10 cases from 23 practical initiatives.
- The campaign effectively strengthened the Company's soft power in energy-saving culture and laid the foundation for the standardized replication of best practices.



Energy Conservation Publicity Week - "Improve Energy Efficiency, Renewed Leadership"

Water Resources Management

Masteel consistently adheres to the principle of "water saving first, source reduction, process recirculation and end-of-pipe reuse". Through sound management systems and advanced water-saving technologies, the Company systematically advances water conservation and efficient recycling, reduces water withdrawal intensity and water consumption indicators, and is committed to the sustainable use of water resources.

Water Resource Control

In strict accordance with the *Water Conservation Management Measures*, the Company has established and implemented a full-process management mechanism covering execution, supervision and assessment. By strengthening cross-departmental coordination and process control, it achieves standardized and refined water-use management and effectively ensures that annual water-saving targets are met. In addition, the Company strictly controls water withdrawals within the approved limits of its water abstraction permit to ensure compliant water use. From 2022 to 2025, the Company recorded no major accidents caused by water pollution or water shortages.

Water-Saving Target Performance in 2025

Indicator	Unit	Target	2025
Total water consumption saved	10,000 m ³	≥ 100	137.14

Highlight Performance

In 2025

the Company's total water withdrawal was

77.1318 million tons

decreased

34.50%

year on year

Water saved reached

1.3714 million tons

increased

130.53%

from the previous year

Water Balance Testing

To systematically understand the actual status of water utilization across the entire plant, the Company commissioned a third party to conduct comprehensive water balance testing. In accordance with national standards such as the *General Rules for Water Balance Testing*, the test divided the entire plant into 34 key water-use units, covering the full process from primary production operations to supporting utility systems. Based on field measurements and data analysis from a total of 540 metering points at the first, second and third levels, the Company comprehensively reviewed water withdrawal, use, consumption and discharge at each stage and systematically assessed water-use efficiency and pipeline network conditions.

The testing generated a complete water-use profile and analytical report, providing a solid data foundation for systematically identifying water-use bottlenecks, precisely addressing leaks, overflows and losses, and planning water-saving pathways. Based on the key nodes and improvement potential revealed by the test, the Company implemented a series of targeted water-saving measures to improve overall water-use efficiency.

Water-Saving Measures

Through systematic pipeline network governance, technological upgrades and smart management and control, the Company continues to unlock water-saving potential, advance wastewater resource treatment and improve water recirculation efficiency. It also improves repeated water use by increasing concentration cycles in circulating water systems and optimizing delegated water-quality management operations. The Company attaches importance to employee awareness of water conservation. In 2025, the Company conducted two training sessions totaling 8 hours and covering 25 participants.

Highlight Performance

In 2025

the circulating water consumption reached

39.462443 billion

the repeating utilization rate of industrial water

98.05%

Water-Saving Management Measures during the Year

Pipeline leakage control

- The Company carried out special inspections and remediation to address leaks, overflows and seepage in the water supply network.
- In November 2025, leak detection and repairs in the northern water supply network and the remediation of leakage in the accident-water pipeline in the eastern gate area of the southern coking plant together delivered annual water savings of approximately 890,000 m³.

Centralized control of water systems

- The Company advanced centralized control and optimized operation of water systems.
- In December 2025, the centralized control project for the water treatment system of the Special Steel Business Division was put into operation. Through system integration and intelligent regulation, it delivered annual water savings of approximately 140,000 m³.

Company Water Resource Use⁵

Indicator	Unit	2025
Total annual freshwater withdrawal (total wastewater emissions)	10,000 tons	7,713.18
Freshwater withdrawal per ton of steel (total wastewater emissions density)	Cubic meters/ton of steel	4.13
Total annual freshwater consumption (freshwater withdrawal)	10,000 tons	6,482.50
Freshwater consumption per ton of steel (freshwater withdrawal density)	Cubic meters/ton of steel	3.47
Total water consumption saved	10,000 tons	137.14
Total amount of industrial water recycled (circulating water consumption)	10,000 cubic meters	394,624.43
Industrial water recycling rate	%	98.05



⁵ The Company's production and operating locations, namely Maanshan, Anhui Province, China and Sydney, Australia, are both located in water-abundant regions and do not fall within water-scarce or water-stressed areas.

Circular Economy

The Company regards solid waste generated during production and by-product energy as core recyclable resources. Through technological innovation and management optimization, it has built a waste resource utilization and energy recovery system covering the entire process, maximizing resource value and reducing final disposal volumes.

Circular Initiatives and Actions

The Company actively promotes a circular model of "steel production - secondary energy utilization - waste recycling". In 2025, the utilization rate of materials returned to production⁶ reached 29.36%.

Source
reduction in
production

- Through process and technology upgrades, the Company reduces waste generation at source and improves resource utilization efficiency.
- In the "near-net-shape cast-rolling integration" upgrade project for bar products, the Company adopted a "two machines for three bar lines" layout, allowing billets to enter rolling mills directly from the continuous caster and eliminating the traditional reheating furnace, thereby significantly reducing heat losses and fundamentally lowering carbon emissions.
- Advanced the greening and reduction of packaging materials by substituting corrugated paperboard for fiberboard and introducing minimalist packaging formats m0 and f0. This initiative drives the optimization of packaging material composition and the reduction of material usage while ensuring product safety during transportation.

Energy
efficiency
enhancement

- Blast furnace gas, coke oven gas and surplus heat and pressure from production are treated as important secondary energy resources and reused in a closed loop through efficient conversion facilities.
- The Company invested in a subcritical gas-fired power generation unit, optimized parameters to solve high-load vibration issues, and applied ultra-critical generation technologies to improve power generation capability.
- Advanced technologies such as sintering waste heat recovery and slag flushing water waste heat recovery are also widely applied.

Waste
resource
utilization

- The Company has set clear targets and is actively exploring technical pathways for large-scale utilization of steel slag in product manufacturing and road construction, with the aim of fundamentally reducing stockpiling and landfill.
- For general industrial solid waste, the Company adheres to the core principle of "return as much as possible to production" and actively promotes closed-loop utilization within production processes.

Packaging Material Consumption over the Past Three Years

Indicator	Unit	2023	2024	2025
Total packaging material consumption	10,000 tons	6.12	4.09	3.97
Packaging material consumption density	Kilogram/ton of steel	2.97	6.27	2.12

⁶ The utilization rate of materials returned to production: the proportion of waste, by-products, wastewater and residual energy generated during the production process that, after recovery and treatment, are reintroduced into the same production process as raw materials or energy. It is a key indicator for measuring the level of internal resource circularity. Calculation formula: Recycling Back into Production Rate = (Volume Recycled Back into Production / Total Volume of Relevant Waste or By-products Generated) × 100%.

Enhancing Environmental Protection to Promote Harmonious Coexistence

By improving environmental protection systems, systematically identifying and managing environmental risks, strengthening emergency management and hazard screening, and increasing environmental investment, the Company enhances environmental performance in an all-round manner and actively fulfills its ecological protection responsibilities, striving to achieve harmonious coexistence between plant operations and the surrounding environment.

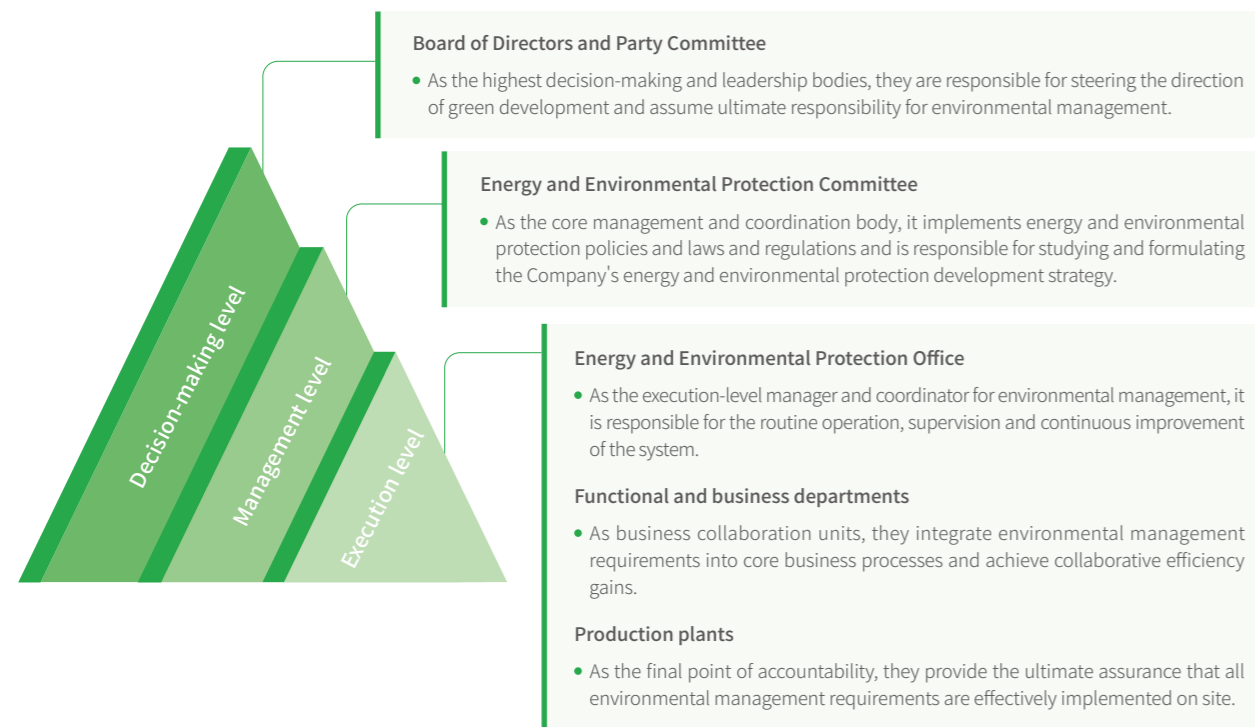
Environmental Management

Masteel deeply integrates environmental management into its operations and development and is committed to building and operating an efficient and transparent environmental governance system. Through the clear allocation of responsibilities and authority, systematic risk control, normalized emergency preparedness, sustained green investment and standardized information disclosure, the Company promotes coordinated development with the environment and nature.

Governance

The Company takes system-based development as the core of the environmental management approach and systematically improves the standardization and effectiveness of environmental management by optimizing its organization, refining systems and deepening certification. The Energy and Environmental Protection Committee was established to further improve the three-tier management system of "decision-making level - management level - execution level", clarify responsibilities at each level, and ensure effective transmission and full implementation of environmental protection responsibilities.

Environmental Management Organizational Framework



To achieve standardized and normalized environmental management, the Company formulated and revised 17 environmental management systems in 2025, covering the full process from environmental governance architecture, environmental management systems and environmental targets to routine compliance, emergency management and environmental culture development. During the reporting period, the Company did not experience any sudden environmental incidents and did not receive any environmental administrative penalties.

Strategy

In 2025, Masteel Co., Ltd. and all of its subsidiaries, including Baowu Group Masteel Rail Transit Material Technology Co., Ltd., Hefei Company and Changjiang Steel, obtained ISO 14001 environmental management system certification, achieving 100% coverage.

Masteel and Changjiang Steel completed Grade A environmental performance certification.

Masteel, Baowu Group Masteel Rail Transit Material Technology Co., Ltd., and Changjiang Steel were recognized as national-level "Green Factories".



Environmental Management System Certification Certificates (from left to right: Changjiang Steel, Baowu Group Masteel Rail Transit Material Technology Co., Ltd., and Hefei Company)

Environmental Protection Projects Undertaken by the Company in 2025

- Phase II Improvement Project for Ultra-Low Emissions at the Ironmaking Plant
- Dust Collection System Retrofit for the Self-Circulating Scrap Steel Processing Base (Phase I)
- Phase II Project for Unorganized Emission Monitoring and Centralized Control System
- Emission Purification Upgrade Project for Flue Gas from the 2250 Heating Furnace at the Hot Rolling Plant
- Phase II Ultra-Low Emission Project for the Solid Waste Industrial Park
- Additional Noise Control Measures for the Masteel B Blast Furnace Project
- Upgrade and Retrofit of the Masteel Clean Transportation System

The Company has established the company-wide environmental emergency management system. In accordance with the *Emergency Response Plan for Environmental Incidents*, environmental emergencies are managed by category and severity level. The Company has improved its mechanisms for plan formulation and filing, and reviews, evaluates and revises its emergency plans every three years. Each production unit acts as the responsible entity for preparing on-site response plans, forming an emergency response mechanism featuring coordination across all organizational levels.

Classification Standards for Environmental Emergency Incidents



Each unit formulates the annual emergency drill plan and regularly conducts emergency drills and training for environmental pollution incidents involving hazardous waste, air pollution and chemical leakage, thereby strengthening the emergency response capabilities for sudden environmental incidents.



Emergency Drill Site

Drill of the Special Emergency Response Plan for Sudden Environmental Pollution Incidents

On 11 August 2025, the Company successfully organized a special emergency drill for a waste oil leakage incident at the hazardous waste temporary storage facility in the northern area of the Special Steel Business Division. The drill simulated the full response process, including leak detection during inspection, emergency reporting, plan activation, on-site cordoning and absorbent clean-up, and effectively tested the operability of the emergency plan as well as the emergency response and coordinated disposal capabilities of personnel in different positions.



Emergency Drill Site

Key Performance

In 2025

the Company conducted **12** emergency drills

with a total duration of **60** hours

participant attendance reached **868** person-time

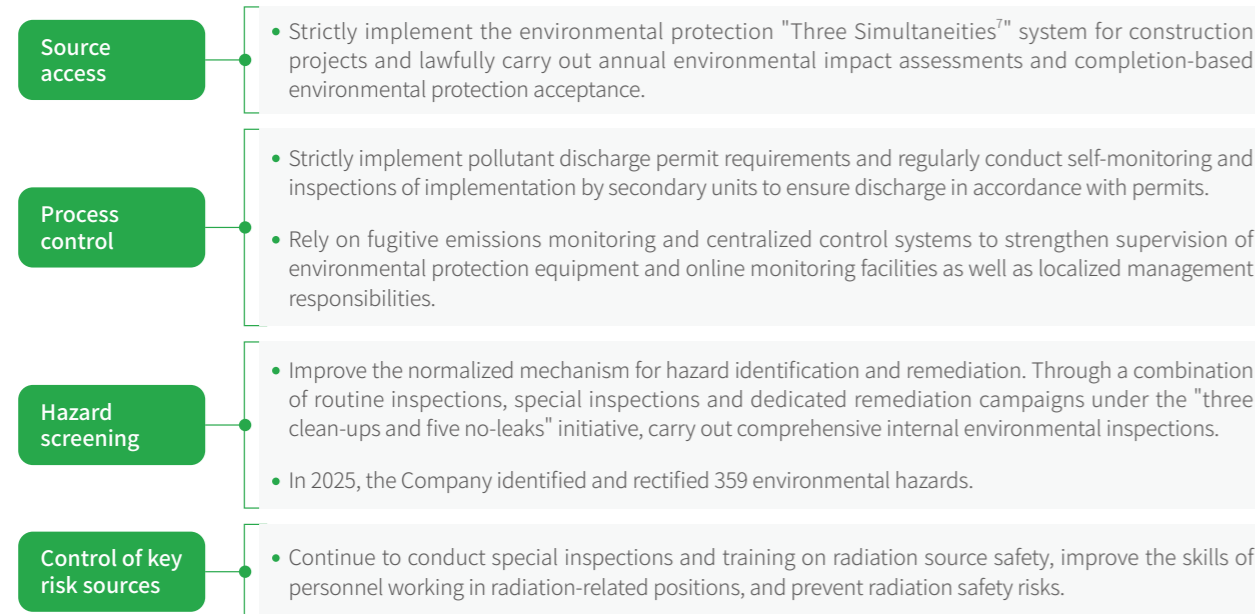
representing a coverage rate of **10%**



Risk Management

In 2025, in accordance with the *Procedures for the Identification, Evaluation and Control of Environmental Factors*, the Company systematically carried out annual assessments of environmental risks and opportunities. Masteel identified and evaluated a total of nine environmental risks and opportunities, while Changjiang Steel identified eight environmental risks. Targeted control measures were formulated, and the dynamic *List of Environmental Risks and Opportunities* was established to ensure that environmental risks remain under control.

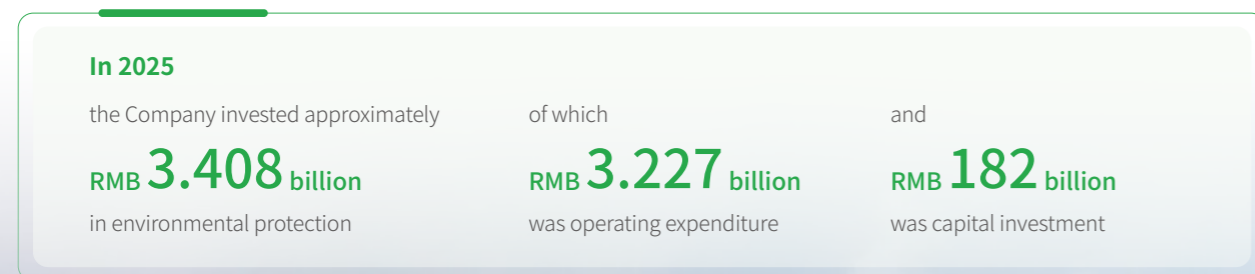
Environmental Risk Prevention and Control During the entire process



Metrics and Targets

Since the beginning of the 14th Five-Year Plan period, the Company has made substantial cumulative investment in environmental governance. Key projects include fine desulfurization of gas, ultra-low emission retrofit projects, advanced wastewater treatment, and wastewater system governance projects such as rainwater-sewage diversion, providing strong support for the continuous improvement of environmental performance.

Highlighted Performance



⁷ Three Simultaneities: environmental protection facilities shall be designed, constructed, and put into operation simultaneously with the main project.

Biodiversity Protection

In compliance with the Measures for the *Administration of Ecological and Environmental Standards*, the Company is committed not only to improving its production and operating environment, but also to ecological protection and biodiversity conservation in and around its sites. Through systematic greening efforts and pollution prevention and control, the Company strives to achieve harmonious coexistence between industrial production and the natural environment.

Our Commitments:

- Strictly comply with laws and regulations on ecological protection and never carry out development activities in ecologically protected red-line areas where development is prohibited by law.
- Protect trees and vegetation within and around the plant area, avoid unnecessary felling, and improve intensive land use and ecological quality on a continual basis through scientific ecological restoration and greening enhancement.
- Advocate and encourage suppliers and partners to jointly practice biodiversity conservation, and work to build a green supply chain by sharing knowledge, technology and management practices to reduce the natural environmental impacts of operations across the entire value chain.

The Company continues to advance the development of a "eco-friendly, garden-like riverside steelworks". Within the plant area, greening work is carried out through infill planting and optimization, further consolidating an ecological landscape featuring blossoms in three seasons and evergreen scenery throughout the year. At the same time, the Company strictly complies with environmental regulations and operates advanced pollution control facilities to ensure all emissions consistently meet applicable standards, thereby minimizing the impacts of production and operations on surrounding water, air and soil and maintaining regional ecological balance.

National Ecology Day - Lucid Waters and Lush Mountains Are Invaluable Assets

On 15 August 2025, the Company organized a series of National Ecology Day activities under the theme "Lucid Waters and Lush Mountains Are Invaluable Assets". Through platforms such as the "Masteel Limited" WeChat official account, the Company published themed content and promoted ecological and environmental protection knowledge, effectively strengthening the sense of shared environmental responsibility among all employees. At the same time, the Company launched a selection campaign for typical "Zero-Waste Group" cases, collecting and promoting eight innovative practices on the reduction, reuse and recycling of solid waste. These activities translated the concept into concrete action, reinforced the Company's internal green culture, and helped build consensus and momentum for the continued advancement of its green and low-carbon transition.

Systematic Pollution Prevention and Control to Safeguard a Clean Environment

The Company continues to advance the battle for blue skies, clean water and uncontaminated land, while further deepening the "no solid waste leaves the plant" initiative and promoting the development of a "zero-waste enterprise". With the goal of fully meeting and outperforming national ultra-low emission standards, the Company systematically advances compliant treatment and resource utilization of waste gas, wastewater and solid waste through a sound management structure, robust institutional systems and advanced technical measures, striving to achieve harmonious coexistence between production operations and environmental carrying capacity.

Major Environmental Targets and Performance in 2025

Indicator	Unit	2025 Target	2025 Performance	
Waste Gas	Sulfur dioxide	Ton	≤ 4,208	3,697
	Nitrogen oxide	Ton	≤ 7,718	6,666
Wastewater	Compliance rate for pollutant discharge	%	100	100
Waste	Compliance disposal rate of hazardous solid wastes	%	100	100
	Hazardous waste landfill rate	%	≤ 1	0.3
Environmental incidents	Major environmental incident	Piece	0	0

Adhering to the principle of openness and transparency, the Company lawfully performs its environmental information disclosure responsibilities and continues to increase green investment to consolidate the foundation for sustainable development. In strict accordance with regulatory requirements, the Company regularly discloses basic corporate information, pollutant emissions, solid waste management and environmental management information on platforms such as the Anhui Provincial Environmental Information Disclosure System for Enterprises, accepts public supervision and actively responds to stakeholder concerns.

Waste Gas Management

The Company strictly complies with the *Air Pollution Prevention and Control Law of the People's Republic of China* and the pollutant discharge permitting regime, and continues to improve its internal waste gas management system. With the core objectives of consolidating its Grade A environmental performance and achieving ultra-low emissions throughout all production processes, the Company advances waste gas treatment in a systematic and phased manner.

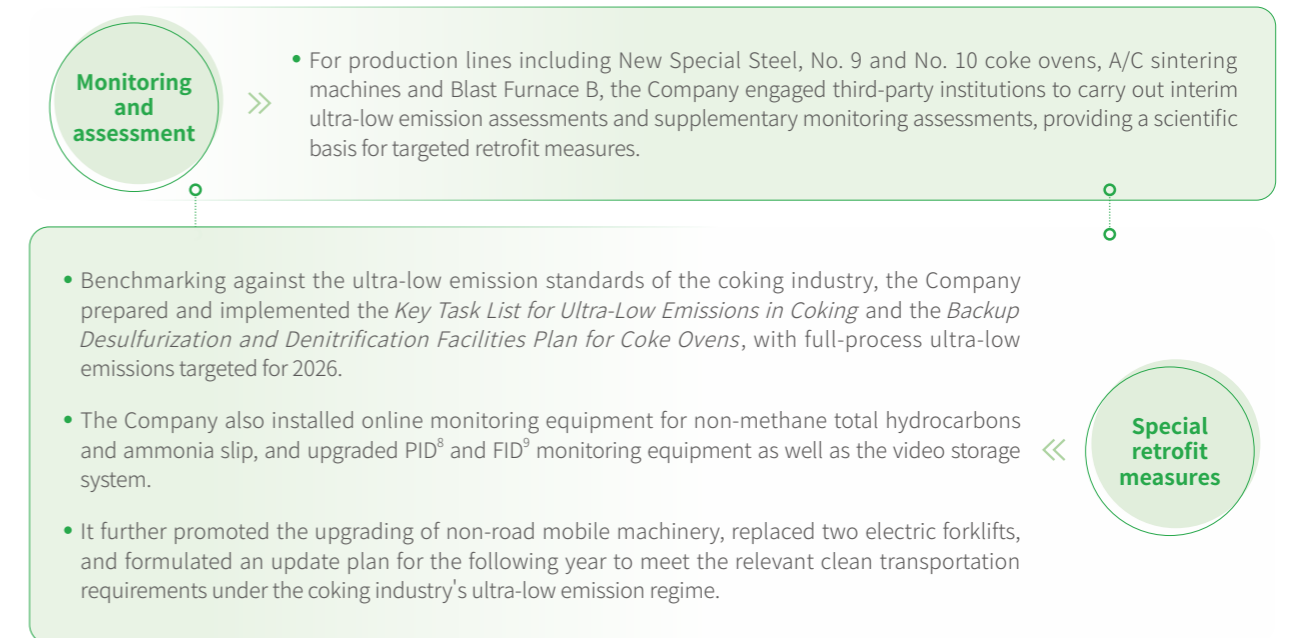
Routine Control

Leveraging an intelligent control system for fugitive emissions and an online monitoring system, the Company conducts round-the-clock dynamic monitoring and early warning for both organized discharge outlets and fugitive emission points, ensuring that all pollutants are stably discharged in compliance with applicable standards.

Ultra-Low Emission Projects

During the reporting period, the Company mainly advanced key retrofit projects including flue gas desulfurization for the hot blast stove of Blast Furnace B, improvement works for Phase II fugitive emission control in ironmaking, and Phase II of the fugitive emission monitoring and control system, ensuring ultra-low emissions of sulfur dioxide, nitrogen oxides, particulate matter and volatile organic compounds in waste gas.

Management Measures for Ultra-Low Emission Projects in 2025



Waste Gas and Pollutant Emissions of the Company

Indicator	Unit	2025
Total sulfur dioxide emissions	Ton	3,697
Sulfur dioxide emissions per ton of steel	Kilogram	0.20
Total nitrogen oxide emissions	Ton	6,666
Nitrogen oxide emissions per ton of steel	Kilogram	0.36
Total particulate matter emissions	Ton	7,118
Particulate matter emissions per ton of steel	Kilogram	0.38
Total volatile organic compound (VOCs) emissions	Ton	2,757
Volatile organic compound (VOCs) emissions per ton of steel	Kilogram	0.15

⁸ PID: Photo Ionization Detector. Based on photoionization, it is used to detect volatile organic compounds (VOCs) and other toxic gases at extremely low concentrations (0–10,000 ppm).

⁹ FID: Flame Ionization Detector. It ionizes organic compounds via an oxy-hydrogen flame to produce an ion current, enabling quantitative detection of volatile organic compounds (VOCs).

Wastewater Management

The Company strictly complies with laws and regulations including the *Water Pollution Prevention and Control Law of the People's Republic of China* and has established a refined full-process management mechanism covering water withdrawal, water use, discharge and reuse, ensuring compliant operations and stable discharge up to standard. In 2025, through systematic management with coordinated efforts at the source, process and end-of-pipe stages, the Company significantly improved water resource utilization efficiency, with total annual wastewater discharge amounting to 12.31 million tons.

Wastewater Management Measures

Source reduction	The Company carried out investigations and remediation of leaks in the pipe network, completed rectification at multiple leakage points, and reduced leakage volume by approximately 280 m ³ /h, thereby reducing wastewater generation at source.
Compliance management	The Company strengthened standardized management of discharge outlets to ensure compliant monitoring and stable discharge up to standard, while keeping total emissions of major pollutants such as chemical oxygen demand (COD) under strict control.
Process optimization	The Company completed the rectification of wastewater discharge outlets entering the Yangtze River, removed redundant industrial wastewater outlets, optimized the drainage system and improved the concentration and standardization of discharge control.
End-of-pipe efficiency enhancement	The Company upgraded the advanced wastewater treatment stations in the northern and southern areas, replaced reverse osmosis membranes and added pre-treatment units, significantly improving wastewater treatment and reuse capacity.

Wastewater and Pollutant Discharge of the Company

Indicator	Unit	2025
Total wastewater discharge (total wastewater emissions)	10,000 tons	1,231
Total wastewater discharge per million revenue (total wastewater emissions density)	Ton/RMB million	159
Total chemical oxygen demand (COD) emissions	Ton	182
COD emissions per ton of steel	Gram	9.7

Waste Disposal

The Company strictly implements systems such as the *Solid Waste Management Procedures* and the *Measures for the Management of Hazardous Waste*, and relies on digital platforms to strengthen refined full-process control over solid and hazardous waste from generation, storage and internal utilization to transfer and final disposal. It continues to advance the initiative of keeping solid waste within the plant and accelerates the development of a "zero-waste group".

The Company has established a closed-loop management system covering all stages of generation, storage, transfer, internal utilization and outsourced disposal, including:

- Regularly conducting special supervision and inspections on solid and hazardous waste to strengthen compliant full-process control;
- Strictly implementing the principle of source reduction and hazardous waste disposal plans to control total waste generation;
- Strengthening hazardous waste storage and ledger management in accordance with the latest national standards to ensure information traceability;
- Enhancing the management of hazardous waste in production, maintenance and project sites to eliminate environmental risks;
- Applying a digital hazardous waste platform to comprehensively improve management efficiency and standardization.

Highlighted Performance

In 2025

the Company established a dedicated R&D fund totaling

RMB 2.65 million

and organized

2

employee training sessions on waste management

with a total training duration of

8 hours

and participant attendance reached

120 person-time



Non-hazardous Waste Management

The Company is committed to turning general industrial solid waste into usable resources, prioritizing internal reuse while expanding external utilization channels. To improve resource utilization, the Company has set clear objectives and translated them into concrete actions, systematically reducing stockpiling and environmental risks. In 2025, the recycling rate of solid waste reached 99.54%.

In 2025

the recycling rate of solid waste reached

99.54%

Objectives for Non-hazardous Waste:

Advance technological research on recycling steel slag back into production to improve the capacity for reintegrating solid waste into production.

Ensure that iron-bearing dust, sludge and other solid waste are recycled back into production wherever possible and further tap into such potential.

Actively explore technological pathways for using steel slag in products or road paving to reduce environmental pollution risks.

Methods for Managing Non-hazardous Waste

Compliant storage	Recycling and reuse	Third-party disposal
<ul style="list-style-type: none"> The Company has set up five solid waste storage yards within the plant area to temporarily store non-hazardous waste under standardized management. 	<ul style="list-style-type: none"> The Company strictly manages solid waste in accordance with the <i>Standard for Pollution Control on the Storage and Disposal Site for General Industrial Solid Waste (GB 18599)</i>. General industrial solid waste is recycled back into production wherever possible; for example, through desulfurization and denitrification activated carbon treatment, part of the dust collected by dust-removal equipment and sludge precipitated in buffer pools are recycled and reused. 	<ul style="list-style-type: none"> A small amount of domestic waste and other waste that cannot be resource-utilized is transported to designated waste disposal sites for unified harmless treatment and filed with the ecological and environmental authorities.

In 2025, with resource utilization and waste reduction as the core focus, the Company vigorously promoted in-plant recycling and efficient utilization of solid waste. On the one hand, it systematically advanced the cutting and recycling of large steel slag back into production, reducing the disposal volume from 4,000 tons per month to 1,000 tons per month. On the other hand, it successfully carried out an industrial trial of recycling calcium-based desulfurization ash from coking back into the sintering process, with a cumulative annual utilization volume of 2,402 tons, fundamentally reducing stockpiling and landfill disposal.

Hazardous Waste Management

The Company applies the strictest control standards to hazardous waste to ensure safe and controlled management throughout the entire process from generation to final disposal. In 2025, the safe disposal rate of hazardous waste reached 100%.

In 2025

the safe disposal rate of hazardous waste reached **100%**

Classification and temporary storage	Digital platform	Compliant transfer and disposal
Dedicated hazardous waste storage facilities have been established to clearly classify, zone and standardize the temporary storage of seven categories of hazardous waste, including acid-alkali sludge, filter cake and electric furnace dust.	Relying on its self-developed full-process hazardous waste management platform, the Company has achieved data connectivity with provincial and municipal regulatory systems and full-process digital management.	All hazardous waste is entrusted to professional institutions with the appropriate qualifications and technical capabilities for disposal; the Company clearly requires disposal parties to prioritize resource utilization and prohibits direct landfill disposal.

Waste Generation and Disposal of the Company

Indicator	Unit	2025
Total amount of harmless waste generated (total general waste emissions)	10,000 tons	1,172.39
Harmless waste generation density (general waste emission intensity)	Kilogram/ ton	627.19
Total amount of harmful waste generated (total hazardous waste generation)	10,000 tons	5.28
Harmful waste generation density (hazardous waste generation density)	Kilogram/ ton	2.82
Total solid waste generated	10,000 tons	1,177.67
Total amount of solid waste recycled	10,000 tons	1,172.24
Recycling rate of solid waste	%	99.54
Slag utilization rate	%	100
Total volume of recyclable waste generated	10,000 tons	1,172.21
Total volume of non-recyclable waste generated	Ton	1,773.90
Total volume of waste treated	Ton	59,019.27
— Total volume of landfill disposal	Ton	180.16
— Total volume of waste incinerated without energy recovery	Ton	26,209.54
— Total volume of waste treated by other methods	Ton	32,629.57
Amount of hazardous waste recycled/disposed	10,000 tons	5.29

Reducing Pollution Impacts

While focusing on the treatment of waste gas, wastewater and solid waste, the Company also systematically advances integrated prevention and control of noise, transportation, soil and non-point source pollution, with the aim of improving environmental performance across all dimensions and throughout the entire process.

Measures to Reduce Pollution Impacts

<p>Noise pollution control</p> <p>The Company strictly implements the <i>Noise Pollution Prevention and Control Law of the People's Republic of China</i> and has installed muffling and sound insulation facilities for high-noise equipment, effectively reducing the impact of production noise on the surrounding environment.</p>
<p>Promotion of clean transportation</p> <p>The Company continues to optimize its transportation mix and significantly increase the proportion of clean transportation methods such as rail transport and new energy vehicles, thereby reducing pollutant emissions from transportation links.</p>
<p>Soil and groundwater protection</p> <p>The Company lawfully establishes and implements a soil and groundwater environmental monitoring plan, regularly conducts sampling, testing and risk assessment, and promptly takes risk control or remediation measures based on the results to block pollution pathways and effectively safeguard soil and groundwater environmental safety.</p>
<p>Systematic control of non-point source pollution</p> <p>The Company increases mechanized road sweeping and water spraying within the plant area, strictly controls spillage during material transportation, and applies comprehensive dust-suppression measures such as covering and spraying at construction sites, thereby establishing a systematic dust control regime to minimize fugitive emissions to the greatest extent possible.</p>

03



Driving Innovation and Setting a Benchmark for Excellence

The Company deeply implements the innovation-driven development strategy and takes quality enhancement, technological breakthroughs, customer service and supply chain collaboration as its core pillars. It has systematically built an excellence-oriented operating system covering R&D, production, sales and collaboration, consolidating the foundation for high-quality development.

Strengthening Quality Management to Build Excellent Products

Masteel thoroughly implements the *Outline for Building a Quality Powerhouse*, adheres to a quality-first approach, improves its quality management system, strictly performs quality supervision duties, and strengthens quality awareness and professional skills training for all employees. During the reporting period, the product inspection pass rate reached 100%, and no major product-related safety or quality liability accidents occurred.

Quality Management System

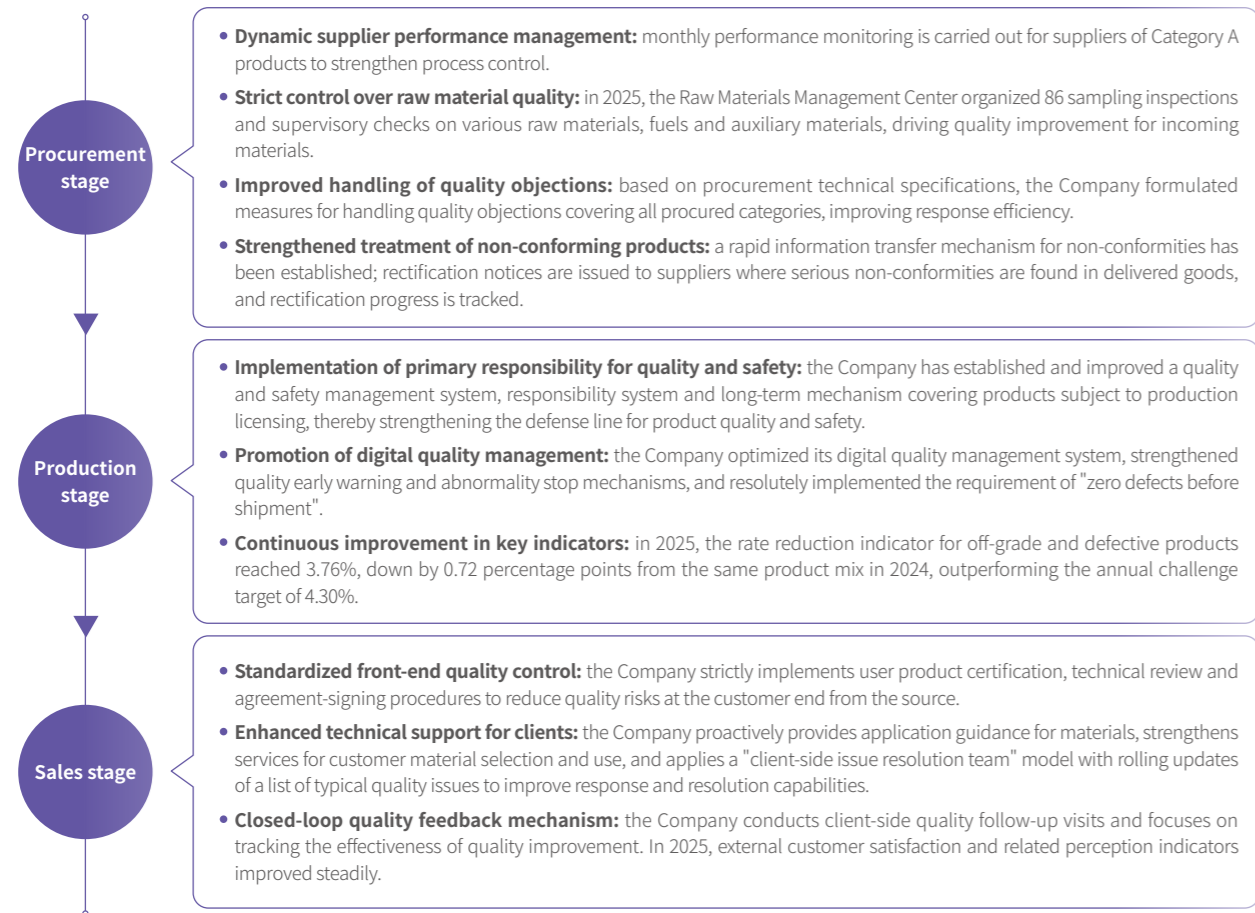
In 2025, Masteel continued to advance the development of its quality management system, deepen integrated quality consistency management, and strengthen full-process quality control from raw material procurement and key process control to finished-product dispatch. The Company established quality monitoring and standardized inspection procedures covering both raw materials and process stages, ensuring 100% coverage of surface quality inspection prior to shipment and full completion of sampling inspection for mechanical properties.

The Company has obtained ISO 9001 quality management system certification, covering 100% of its business lines.



The Company's ISO 9001 Quality Management System Certification

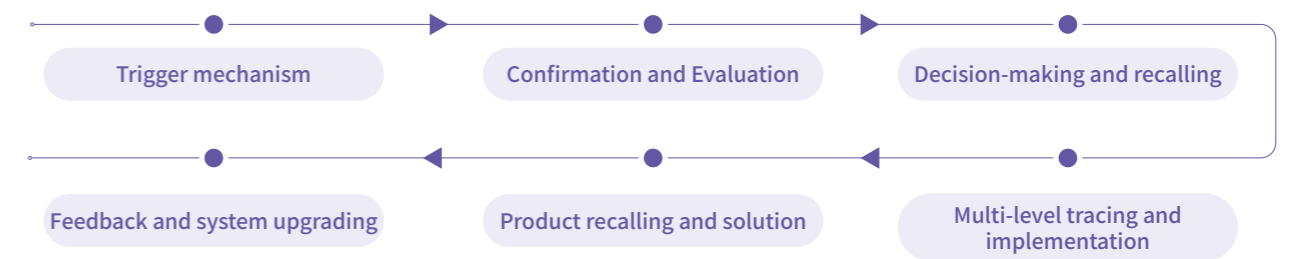
Full-Process Quality Management System



Product Recall Mechanism

Building on its robust quality management system, the Company has further established a systematic and efficient product traceability and recall mechanism aimed at responding rapidly to potential risks and safeguarding customer rights and market safety to the greatest extent possible.

Product Recall Mechanism



Tackling Core Technologies and Driving Forward-Looking R&D

Masteel regards technological innovation as the core engine for driving high-quality development. The Company has established a sound top-level design and institutional framework, promoted breakthroughs in key technologies and the commercialization of scientific and technological achievements, and built an innovation ecosystem that supports sustainable development.

Improving the Innovation Mechanism

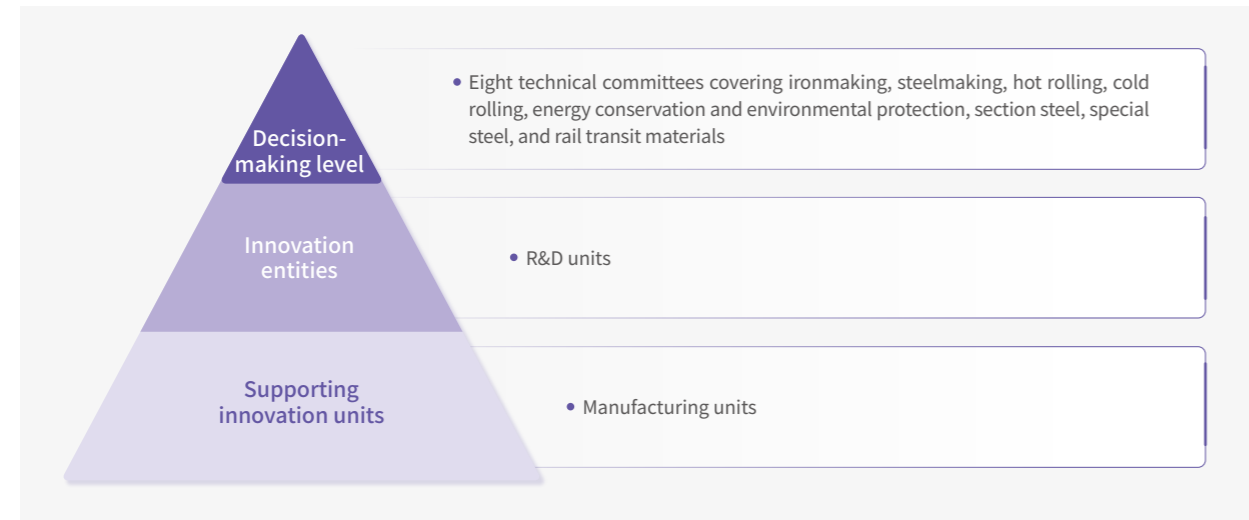
Guided by the Measures for the *Management of Scientific and Technological Innovation*, the Company has built an R&D system centered on the Technology Center and supported collaboratively by manufacturing and business departments. During the reporting period, it strictly implemented internal management systems such as the *Measures for the Management of Scientific Research Projects*, the *Measures for the Management of New Product Development* and the *Measures for the Management of Technology Innovation Platforms*, thereby standardizing management across the entire R&D process.

To promote the commercialization of innovation outcomes and talent incentives, the Company formulated incentive policies such as the *Standards for the Evaluation and Incentives of Scientific Research Projects*, the *Standards for Rewards for Scientific and Technological Achievements* and the *Standards for Rewards for Intellectual Property*. It also established and implemented a multi-level achievement reward system covering profit-sharing from the commercialization of scientific and technological achievements, awards for scientific and technological progress, patent awards and other incentives, forming a closed-loop incentive mechanism that effectively promotes close integration between technological R&D and market application.

Governance

On the basis of a sound institutional system and incentive mechanisms, the Company has also established a technical innovation organizational structure that covers major process links, with clear responsibilities and collaborative division of labor.

Organizational Structure for Technological Innovation



Strategy

Leveraging a solid innovation platform, a systematic portfolio of research projects, and open industry-university-research collaboration, the Company has effectively translated its innovation mechanism into concrete practices in frontier exploration, technological breakthroughs, and industrial applications, comprehensively strengthening its capabilities in core technology development and commercialization of research results.

Innovation Platforms

The Company has established an innovation platform matrix with a well-structured layout, clear hierarchy, and complementary functions. It currently operates two national-level innovation platforms, including the National and Local Joint Engineering Research Center for Advanced Manufacturing Technology of Key Rail Transit Components, as well as a nationally recognized enterprise technology center, a postdoctoral research workstation, and five provincial-level innovation platforms. This multi-tiered innovation matrix provides a strong foundation for the Company's efforts in frontier technology research and development. Relying on this system, the Company actively integrated into the national innovation network, pursued applications for various science and technology projects, and continuously enhanced its innovation capabilities and the commercialization of research outcomes.

Research Projects

The Company advanced coordinated efforts in both government-supported research and independent R&D, forming a multi-level and systematic research and development framework. In government science and technology projects, the Company participated extensively in the preparation of the 2025 national major special project guidelines in areas such as key new material R&D and application, intelligent manufacturing systems, and robotics. Centering on these guidelines, the Company actively organized project applications, with a focus on undertaking and advancing major national special tasks related to new materials, next-generation artificial intelligence, and intelligent manufacturing systems. In 2025, the Company undertook or participated in 20 government science and technology projects, including 9 at the national level (with 1 led by the Company), 9 at the provincial level (with 8 led by the Company), while 1 project passed acceptance review.

For company-level independent R&D, the Company focused on process optimization, quality improvement, cost reduction and efficiency enhancement, and green and low-carbon development, while systematically deploying key technology research across ironmaking, steelmaking, energy, and environmental protection operations. During the year, the Company organized and implemented 266 research and technology projects, including 165 general research projects and 101 new product development projects. A total of 44 projects were approved during the year, and 109 projects were completed and accepted, providing strong technical support for production and operations.

Key Technological Research Priorities of Masteel in Process Technology

Ironmaking

- Focused on raw material optimization and cost control by improving coal blending, ore blending, and burden structure to support the reduction of hot metal costs.
- Systematically carried out technical research on stable, efficient, and low-consumption blast furnace smelting, the application of high-alumina iron ore, reduction of sintering fuel consumption, and control of high-alumina burdens, thereby comprehensively improving process and technical indicators across the ironmaking system.

Steelmaking

- Focused on quality improvement and cost control, with key efforts directed toward process optimization projects such as low-cost electric furnace smelting of low-phosphorus steel and ultrasonic inspection control for medium- and high-sulfur wheel steel
- Systematically conducted dedicated research on cleanliness control of cold-rolled high-strength steel, internal quality control of slabs, alloy cost reduction, and yield improvement of hot-rolled H-beams, providing technical support for both product quality and economic performance.

Energy and Environmental Protection

- Guided by green and low-carbon development and resource circularity, the Company further promoted the application of technologies such as carbon sequestration through hot braising of steel slag and wastewater reduction.
- Key research focused on the recovery of valuable components from solid waste, utilization of cold-bonded pellets made from OG sludge, treatment of oily sludge, high-value utilization of steel slag, and energy efficiency evaluation of reheating furnaces, thereby advancing solid waste resource utilization and reducing energy consumption.

Industry-University-Research Collaboration

To address key technological bottlenecks in priority fields and accelerate the development of new products, the Company continued to deepen strategic cooperation with leading domestic and international universities and research institutions. Through scientific and technological exchanges with organizations such as the Central Iron and Steel Research Institute, University of Science and Technology Beijing, Anhui University of Technology, and Southwest Jiaotong University, the Company fully leveraged the disciplinary strengths of universities and research institutes in fundamental research and frontier exploration. By effectively integrating resources across industry, academia, and research, the Company jointly built an open and collaborative innovation system.

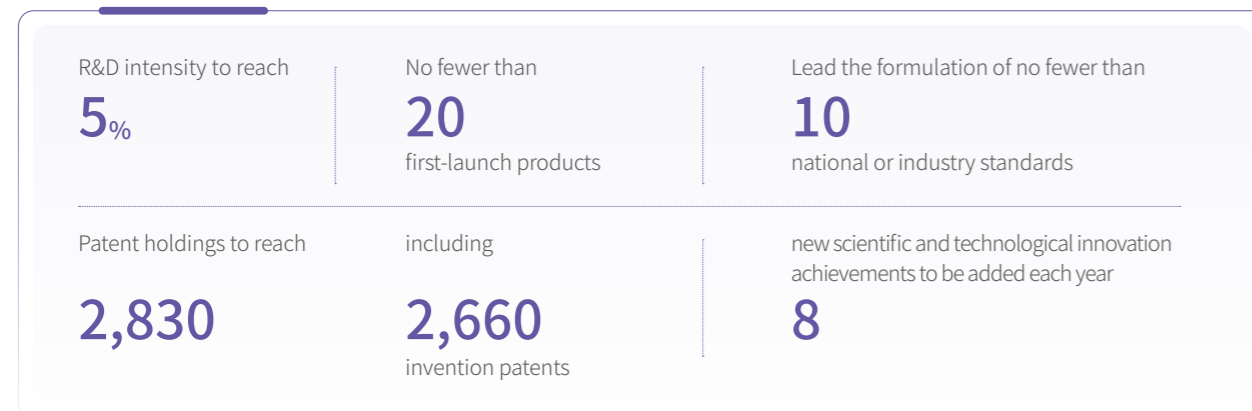
In 2025, the Company carried out more than ten collaborative innovation projects with institutions including University of Science and Technology Beijing, Anhui University of Technology, Southwest Jiaotong University, and Zhongda Continuous Casting Technology National Engineering Research Center Co., Ltd. These initiatives significantly enhanced R&D efficiency and technical reserves in relevant fields, providing strong support for the continuous advancement of industrial technology.

Risk Management

The Company continued to improve its intellectual property protection framework by establishing dedicated policies and procedures, including the *Intellectual Property Compliance Management Measures* and the *Patent Management Measures*, thereby strengthening the systematic protection of trademarks, patents, technical secrets, and other intellectual property rights. In accordance with the national standard *Requirements for Enterprise Intellectual Property Compliance Management System (GB/T 29490-2023)*, the Company formulated and issued the *Masteel Limited Intellectual Property Management Manual*, establishing a systematic and standardized intellectual property compliance management system.

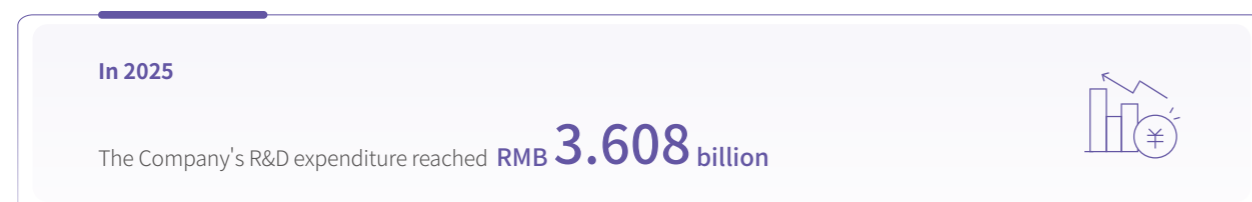
In 2025, the Company actively carried out internal audits of the system and issued internal audit reports, continuously enhancing employees' awareness and capabilities in intellectual property protection. These efforts enabled the Company to respond effectively to intellectual property infringement disputes and safeguard its innovation achievements and market interests.

Metrics and Targets



The major innovation targets for 2025 were all exceeded

Indicator	Unit	2025 Target	2025 Actual
R&D intensity	%	4.10	4.65
Sales ratio of new products	%	13	14.20
Share of invention patent applications	%	90	93.37



Patent Portfolio as of the End of 2025

Domestic patents		
Patent applications filed during the year		407
of which invention patents		380
Share of invention patents		93.37%
Cumulative valid patents		2,860
of which invention patents		1,933
China Patent Excellence Award received		1
Overseas patents		
PCT patent applications		3
U.S. patents granted		1
Japan patents granted		1

Driving Industrial Progress

The Company's R&D and innovation efforts are closely aligned with market demand and national strategic priorities. Effective commercialization of innovation outcomes has supported the development of new quality productive forces and created substantial economic and social value.

Driving Industrial Upgrading and Market Expansion

The Company achieved technological breakthroughs in key fields including high-speed rail wheels, high-performance steel for oil and gas drilling, hot-rolled H-beams, and automotive steel, directly creating new drivers of economic growth. By applying proprietary patented technologies, the Company enhanced the performance of high-speed rail wheels and successfully supplied them for the CR450 EMU program, enabling orders of 5,750 tonnes for premium wheel steel products from customers in both domestic and international markets. This technology not only opened up new opportunities in overseas markets and strengthened strategic cooperation with downstream enterprises, but also enhanced the overall competitiveness of China's high-speed rail industry chain, thereby creating a sustainable source of international business growth for the Company.

Leading Technological Progress in the Industry

Leveraging smart production line upgrades and the application of globally launched technologies, the Company has provided new standards for lightweight, high-efficiency materials for industries such as high-speed rail, driving systemic improvements in both safety and efficiency. In 2025, the Company led or participated in the formulation and revision of 17 national and industry standards, further consolidating its technological influence and industry leadership in its key areas of strength, including high-speed rail wheels, H-beams, and automotive steel, and effectively demonstrating its role in advancing industry development.

The Company also achieved a number of major innovation milestones during the year, receiving 11 major external technology innovation awards, a record high. These included 7 Metallurgical Science and Technology Awards and 4 Anhui Science and Technology Awards. In addition, the Company received 9 China Baowu Major Technology Innovation Achievement Awards, including for the project Research and Application of Key Technologies for Steel Slag Pretreatment and Product Utilization, further underscoring its industry leadership and innovation capabilities.

Enabling Sustainable Development

The Company remains committed to integrating technological innovation with green transformation. In 2025, it obtained an invention patent for "A Conveyor Belt Pollution Control Structure and Its Control Method," effectively supporting improvements in environmental performance and on-site working conditions. This not only strengthened the Company's sustainable development capabilities and corporate image, but also significantly enhanced satisfaction and trust among stakeholders, including employees, customers, and the general public.

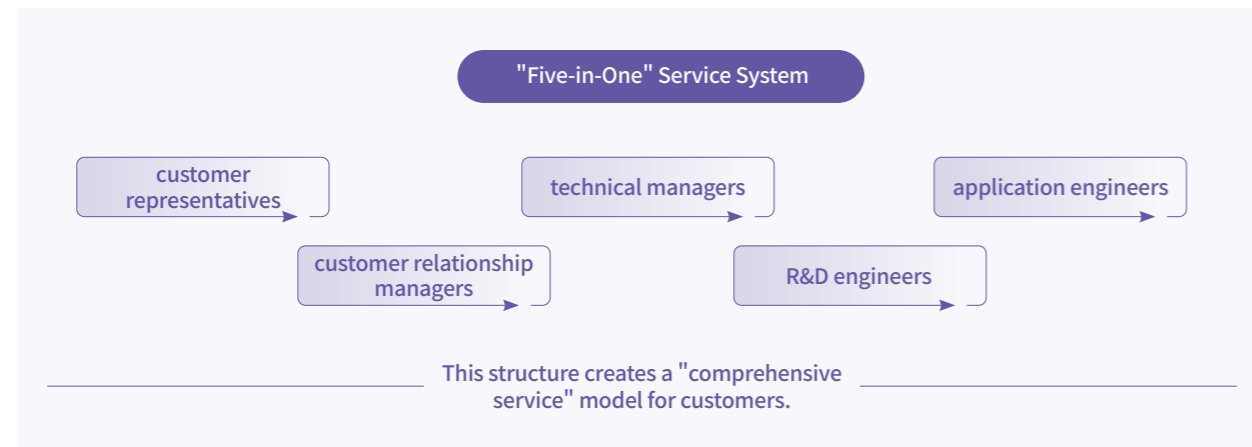
Listening to Customers and Safeguarding Service Quality

The Company consistently regards the protection of customer rights and the enhancement of customer experience as a cornerstone of its business development. By continuously upgrading products, optimizing service models, strengthening after-sales support systems, and establishing efficient and accessible communication and feedback channels, the Company is committed to delivering high-quality products and services throughout the customer journey. During the reporting period, the Company handled 2,933 customer complaints, achieved a customer complaint resolution rate of 96.62%, and recorded a customer satisfaction score of 88.59. There were no major safety or quality incidents related to its services.

Customer Service System

The Company has established a systematic and coordinated customer complaint response and closed-loop management mechanism to ensure that customer concerns are addressed in a timely and efficient manner. In terms of organizational structure, the Company has assigned dedicated customer representatives to key value customers and established integrated key account service teams spanning sales, R&D, and manufacturing. This has created a "five-in-one" coordinated service system that optimizes service resource allocation and enhances overall service effectiveness.

The Company's "Five-in-One" Service System



Customer Communication

The Company has established a closed-loop customer complaint management mechanism and follows the *Measures for Product Objection Management*, which clearly define the process for handling product quality issues under the principle of ensuring no disruption to the customer's on-site production.

Diversified Communication Channels

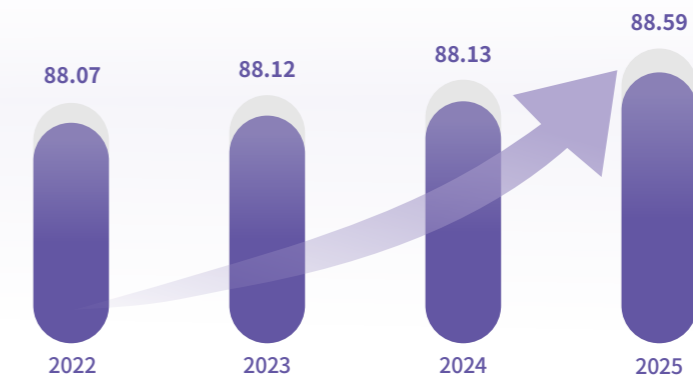
- Key account services: Dedicated customer representatives provide 24/7 response services. Cross-functional "sales-R&D-manufacturing" service teams are organized to create a coordinated response mechanism, ensuring that issues affecting key customers are resolved in a systematic and professional manner.
- 400 customer service hotline: A centralized customer service hotline has been established, with dedicated lines for different business categories and designated personnel responsible for responding promptly to customer inquiries, complaints, and suggestions, thereby delivering standardized and efficient front-end customer service.
- Customer visits: The Company conducts regular customer visits to proactively understand customer needs, follow up on improvement progress, and provide technical support and optimization recommendations on material selection and application, thereby promoting supply-demand coordination and shared development.

Customer Satisfaction Management

To systematically monitor and improve customer satisfaction, the Company conducts annual customer satisfaction assessments covering all product categories. These assessments evaluate customer experience comprehensively across five dimensions—quality, cost, delivery, R&D, and service—using a combination of subjective and objective measures, with results tracked and monitored on an ongoing basis. The Company also maintains dedicated action lists for comments, suggestions, and complaints collected during the assessment process, ensuring that each item of customer feedback is promptly communicated to the relevant internal departments. This drives issue rectification and process optimization, while improvement outcomes are also communicated back to customers, creating a closed-loop management process of "collection-processing-improvement-feedback."

During the reporting period, the Company continued to strengthen its after-sales service system and improve customer communication and feedback channels, maintaining a high complaint resolution rate. In 2025, customer satisfaction reached 88.59, exceeding the annual target of 88.14. For 2026, the Company has set an annual customer satisfaction target of 88.60 and remains committed to further enhancing service quality and customer experience.

Customer Satisfaction Rate Over the Past Four Years



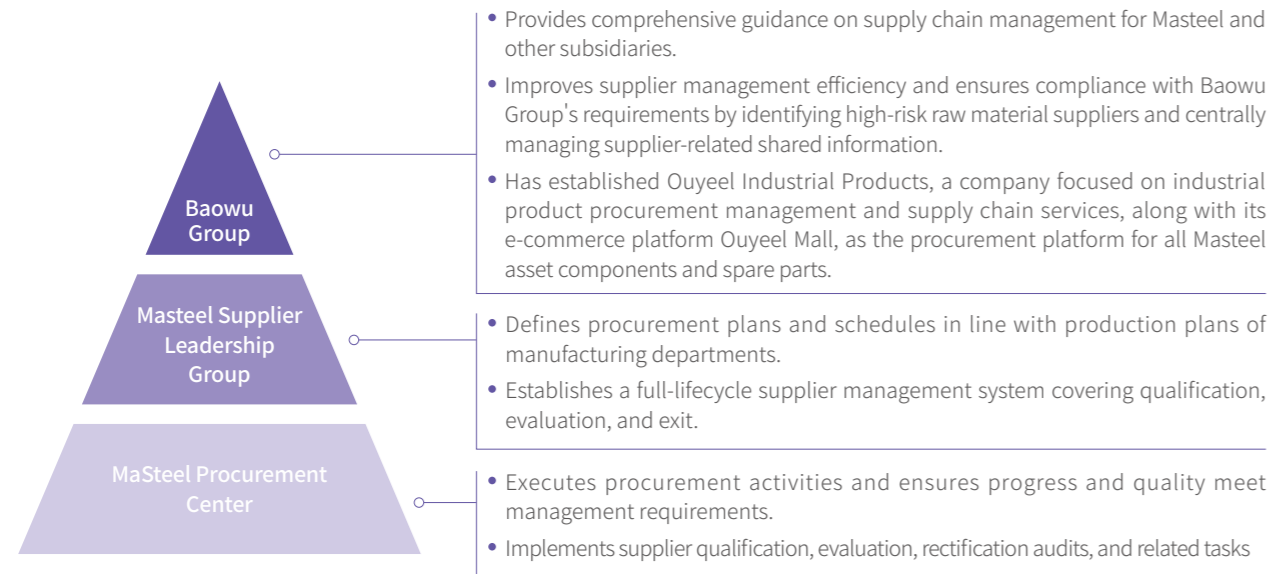
Working with Responsible Partners to Build a Resilient Supply Chain

Masteel has established a comprehensive supply chain management system and implements closed-loop supplier management covering supplier qualification, evaluation, and exit. The Company continues to carry out supplier ESG practices and supply chain risk assessments, effectively safeguarding supply chain reliability, compliance, and resilience, and laying a solid foundation for stable operations and sustainable development.

Supplier Management

Masteel fully leverages the competitive advantages arising from Baowu Group's integration and coordination, while aligning with the Company's specific procurement needs to build a well-structured three-tier supply chain governance structure.

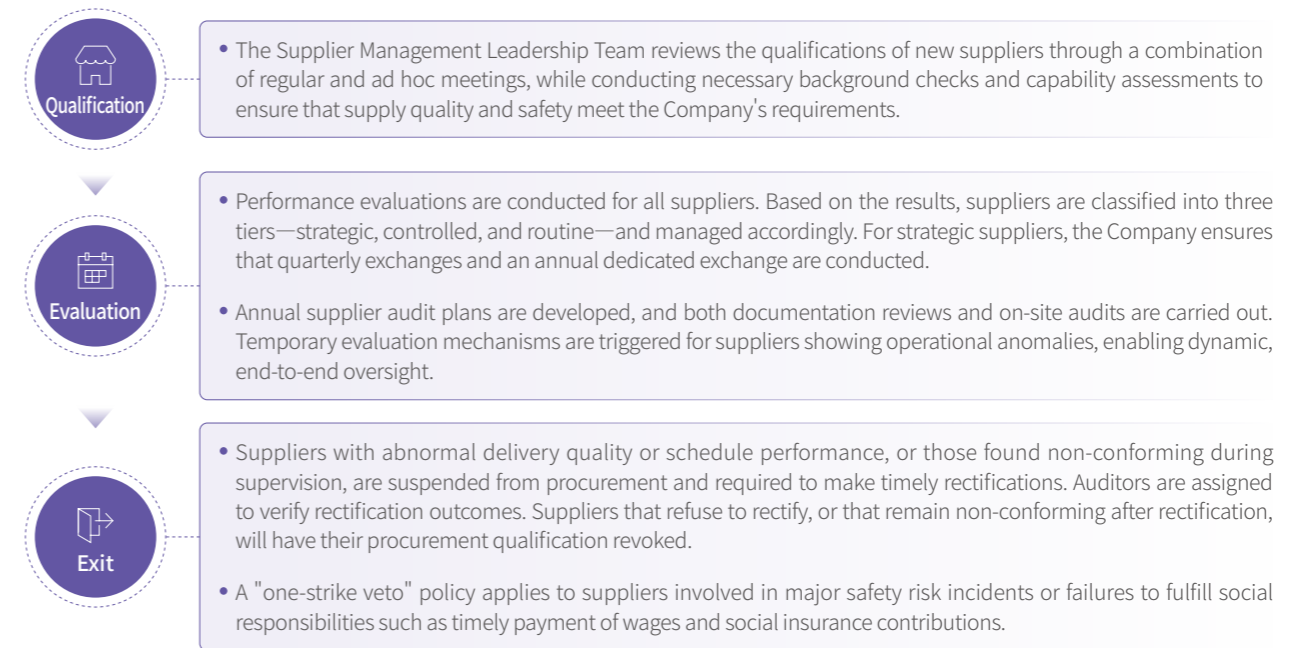
Supplier Governance Structure



Supplier Management Process

The Company strictly follows internal policies including the *Contract Management Measures*, the *Supplier Certification Management Measures*, the *Supplier Dynamic Evaluation Management Measures*, and the *Non-conformance and Risk Control Management Measures*. These policies clearly define supplier qualification criteria and establish dynamic evaluation indicators and procedures for handling non-conforming quality issues across the entire supplier lifecycle, thereby standardizing supplier management processes as well as supplier quality and risk assessment.

Supplier Management Process



Second-Party Audits

During the Reporting Period, we conducted second-party audits of five suppliers. Internal experts were assembled into audit teams to carry out on-site audit planning and develop specific audit plans, enabling assessment of potential risk factors in suppliers' operations. Audit areas covered supplier quality management systems, document and record governance, production control, identification management, and non-conforming product control, to ensure that suppliers had established robust quality management systems and that the raw materials they provided met national standards and the Company's production and operational requirements. Audit findings were communicated, audit materials consolidated, and audit reports issued together with non-conforming reports, and urged suppliers to carry out timely rectification, thereby effectively enhancing the resilience of the Company's supply chain.

Third-Party Assessments

The Company requires suppliers, prior to qualification, to provide valid third-party management system certifications—such as ISO 9001, ISO 14001, and ISO 45001—as well as recent audit reports. In 2025, the Company reviewed a total of 76 suppliers holding valid third-party certifications, ensuring that they met the Company's management standards in areas including quality, environment, and occupational health and safety.

Supplier Empowerment

To continuously improve overall supply chain quality, the Company follows a collaborative development philosophy and has established a two-way, win-win quality improvement mechanism with suppliers. For strategic suppliers, the Company regularly organizes quarterly and annual thematic exchange meetings, conducting in-depth discussions on issues such as quality improvement and process optimization, jointly exploring solutions and promoting the joint elevation of quality standards. In 2025, the Company delivered 65 supplier training sessions, covering ESG-related issues including safety and environmental protection, involving 41 key suppliers.

In 2025



Supplier Performance Data

Indicator	Unit	2025 Data
Total number of registered suppliers	suppliers	2,226
Number of domestic suppliers	suppliers	2,204
Number of foreign suppliers	suppliers	22
Number of suppliers terminated due to non-compliance	suppliers	1
Number of potential suppliers rejected due to non-compliance	suppliers	0



Supplier Risk Management

The Company adheres to policies such as the *Supplier Dynamic Evaluation Management Measures* and has established a comprehensive supplier risk management and dynamic evaluation mechanism. Through defined risk management indicators, the Company continuously monitors suppliers and applies categorized evaluation and tiered management, with the aim of strengthening supplier oversight and effectively reducing supply-related risks.

ESG Risk Management for Suppliers

In accordance with the *Production Collaboration Project Management Measures*, the Company has further clarified the safety responsibilities of functional departments and project units in collaborative business activities, while explicitly defining the ESG-related requirements that suppliers are expected to meet. Sustainable development principles have been deeply embedded into supplier management processes. Through systematic training and collaborative engagement, the Company also enhances suppliers' overall ESG capabilities and supports the green transformation of the value chain.

Supplier ESG Management Measures

Qualification stage

- Suppliers' ESG management performance is quantitatively scored and evaluated during qualification, and we give priority to partners demonstrating strong ESG performance.
- Where ESG violations or adverse incidents are identified during the audit process, suppliers are required to undertake rectification and are provided with support. Suppliers that fail to meet the Company's minimum ESG standards within the required timeframe are removed from the supplier list and will not be awarded contracts until rectification is completed.
- New suppliers are required to sign the *Code of Conduct and Business Ethics Agreement* and the *Integrity Agreement*, which set out expectations regarding business ethics and social responsibility practices.

Evaluation stage

- Supplier evaluation forms have been revised to gradually increase the weighting of ESG performance.
- During second-party audits, suppliers' ESG performance in areas such as production quality, safety management, and environmental protection is fully assessed, with audit checklists and non-conformance rectification reports issued accordingly.
- ESG capability-building training is provided to procurement personnel to strengthen their ability to identify and address supplier ESG-related issues.

Supply Assurance Capacity Building

To establish a strong and resilient supply chain, the Company has entered into long-term strategic partnerships with international mining companies and major domestic coal enterprises. Taking into account the integrated allocation and strategic deployment of raw material resources on a global basis, the Company is steadily building a green and low-carbon raw material supply chain. At the same time, it continues to strengthen internal supply security, enhance emergency allocation capabilities, and deepen coordination with ecosystem partners, thereby developing a highly coordinated, more self-reliant, and more resilient supply chain system that comprehensively safeguards supply chain security and stability.

Measures to Enhance Supply Chain Stability

Expanding imported iron ore channels

Promoted the use of Western Australian Silk Road Blend fines at the Masteel base and carried out advance analysis of utilization plans for Simandou iron ore.

Monitoring imported coal resources and markets

Worked with Baosteel to finalize negotiations and contract signing for a long-term supply agreement covering 415,000 tonnes of imported coking coal from BHP.

Advancing cross-border RMB settlement

Stabilized the foundation for cross-border RMB settlement with major mining companies, while actively developing non-mainstream mining sources and achieving full cross-border RMB settlement for all volumes sourced from the newly developed LHG mine.

Promoting scrap steel recycling

Adhered to the working approach of "strengthening positioning, enhancing services, expanding channels, and unlocking value," resulting in a quarter-on-quarter increase in scrap steel recycling volumes.

Conducting green supply chain strategy research

Encouraged suppliers to pursue green development and continuously increased the proportion of suppliers that either use green electricity in ferroalloy production or hold product carbon footprint certificates

To address force majeure events such as extreme weather, the Company has identified the principal risks that could affect supply chain security and has proactively developed contingency plans to mitigate the impact of such events on normal operations.

Supply Chain Risk Identification and Response

Flooding

The Company has developed flood-season production continuity plans and adopted measures such as using vessels as temporary storage to ensure stable supply of raw materials for production during the flood season.

Low temperatures

The Company continues to improve winter supply continuity plans, clearly defining emergency management requirements and safe inventory levels for raw and fuel materials, thereby reducing the impact of transport disruptions and other factors on supply chain resilience.

The Company treats SMEs fairly, and payment cycles for SME suppliers are consistent with those for other supplier types. During the Reporting Period, the Company had no overdue payments to SMEs, safeguarding the financial stability of smaller suppliers, thereby supporting the sustainability of the Company's supply chain.

Masteel's Procurement Team Visits Huaibei Mining for Supply Assurance Exchange

On September 17, 2025, the head of Masteel's Procurement Center led a team to visit Huaibei Mining for in-depth discussions on stabilizing coking coal supply to Masteel and strengthening coke supply assurance, with a view to ensuring Huaibei Mining's full support for stable supply to Masteel's production bases before and after the National Day holiday. Huaibei Mining is the largest coking coal supplier base in East China and Anhui Province and is also a strategic coal trading partner of the Company. During the exchange, both parties discussed optimization of quarterly pricing adjustment mechanisms and preferential policies under long-term cooperation arrangements, explored further opportunities for volume-price incentives, and closely reviewed the recovery of coal mine production and the subsequent supply arrangements for coking coal resources. These discussions provided a solid basis for the Company's 2026 coal blending and procurement plans.



04



Bringing Together Talent and Demonstrating Responsibility

Masteel consistently upholds a people-oriented philosophy. While safeguarding employees' lawful rights and interests in full compliance with applicable laws and regulations, the Company actively builds fair and accessible career development pathways, supports employee growth through systematic training and care programs, and continuously strengthens team cohesion. The Company also fulfills its corporate social responsibilities by actively contributing to community development and implementing sustainable public welfare initiatives, giving back to society through concrete actions and demonstrating its sense of responsibility and long-term value creation.

Strengthening the Benefits System and Protecting Employee Rights and Interests

The Company strictly complies with labor laws and regulations and is committed to fully safeguarding the legitimate rights and interests of employees on the basis of equality and respect. Through sound employment practices, competitive compensation and benefits, people-centered management, and holistic physical and mental health support, we continue to improve employee rights protection mechanisms and enhance employees' sense of fulfillment, security, and well-being.

Lawful and Compliant Employment

The Company strictly complies with national laws and regulations, including the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*. It has formulated the *Measures for Labor Contract Management* and signs labor contracts with all employees in accordance with the law, achieving a contract signing rate of 100% and fostering harmonious labor relations.

Measures to Ensure Compliant Employment

The Company strictly implements national labor standards and firmly upholds employment compliance red lines. In recruitment, it clearly specifies that all applicants must be at least 18 years old, and prevents child labor through multiple controls including background checks and identity verification.

The Company clearly stipulates working hour arrangements¹⁰ and overtime pay calculation standards in labor contracts, ensuring that employees' weekly working hours do not exceed the statutory 40-hour limit. Where extended working hours are genuinely required for operational reasons, the Company strictly follows statutory procedures and implements such arrangements only after consultation with and approval from the labor union.

Relevant compliance requirements are incorporated into standard contracts with suppliers and included in contract performance management, with regular inspections and follow-up to jointly safeguard labor compliance across the supply chain.

“ From 2023 to 2025, the Company maintained stable and harmonious labor relations, with **no violations** involving child labor, forced labor, or other unlawful employment practices, and no strikes or collective labor disputes. ”

Equal Employment

Masteel adheres to the principle of equal employment and strictly follows the *Employee Recruitment Management Measures*. The Company explicitly prohibits any discrimination in recruitment on the basis of ethnicity, race, gender, or religious belief, and clearly stipulates non-discrimination against persons with disabilities, thereby fostering a fair employment environment. The Company also places a high priority on protecting applicants' personal data privacy and has incorporated this requirement into its institutional updates.

In talent development, in accordance with the *Measures for Selection and Appointment of Leadership Personnel of Magang Group* and the *Measures for Position Appointment Management*, the Company does not impose irrelevant restrictions based on nationality, race, gender, or religious belief, and provides all employees with equal access to career development opportunities.

During the reporting year, the Company hired 88 new graduates through campus recruitment and arranged suitable positions for 64 employees with disabilities, actively fulfilling its social responsibility to promote employment.

¹⁰ The standard working hours system is primarily implemented, while special positions may adopt a comprehensive working hours system upon approval.

Protecting Employee Rights and Interests

We have established and implemented systematic compensation, benefits, working hours, and leave systems to ensure employees receive fair remuneration. The *Collective Contract of Magang (Group) Holding Co., Ltd.* and the *Collective Contract of Maanshan Iron & Steel Company Limited* (collectively, the "Collective Contracts") explicitly provide for equal pay for equal work for male and female employees. Through the implementation of systems such as the *Measures for Position-Based Performance Salary Management*, the Company has established and refined a market-oriented compensation distribution mechanism closely linked to job value and individual performance. This enables us to provide all employees with competitive compensation and benefits, safeguard their quality of life, and effectively incentivize improved performance and value creation.

Leave and Overtime Management Mechanisms

Leave management

- In accordance with the *Measures for Attendance and Leave Management*, the Company fully safeguards employees' rights to statutory holidays and paid annual leave.

Overtime management

- Overtime approval procedures are standardized, and overtime arrangements must be subject to labor union consultation and supervisor approval.
- For overtime worked on rest days, compensatory time off is prioritized. Where compensatory leave cannot be arranged, overtime wages are paid in accordance with the *Detailed Rules for Employee Overtime Management* and other applicable regulations.
- Overtime worked on statutory holidays is compensated in accordance with the law. The Company's labor union supervises the implementation of these systems to protect employees' legitimate rights and interests.

Employee Benefits

The Company fully implements all statutory benefits and makes full and timely contributions for all employees to the basic social insurance schemes required by law, including pension insurance, medical insurance (including maternity insurance), unemployment insurance, work-related injury insurance, and the housing provident fund, thereby establishing a comprehensive social security system.

The Company also provides comprehensive supplementary benefits for all employees, including:

Supplementary protection

- The Company has established an enterprise annuity plan¹¹ for employees and additionally purchases supplementary commercial insurance covering critical illness, accidental injury, and household property, comprehensively enhancing the risk resilience of employees and their families.

Flexible leave

- The Company strictly implements all categories of leave required by the State and also provides paid leave such as child care leave, parental leave¹², paternity care leave, and home leave.

Family benefits/leave

- The Company pays close attention to employees' family needs. In accordance with the *Measures for Employee Attendance and Leave Management*, female employees who have given birth to or adopted an infant under one year old are entitled to nursing time during working hours and related support arrangements, effectively safeguarding the rights and interests of female employees.
- The Company has also carefully established "Mothers' Rooms," equipped with sofas, sterilizers, refrigerators, breast pumps, light fitness equipment, and maternal and childcare books, providing a safe, comfortable, and private space for breastfeeding and rest during work breaks and helping employees better balance work and family responsibilities.

Warm care and support

- The Company provides heat allowances in accordance with regulations and offers benefits to employees during traditional festivals, continuously fostering a sense of warmth and belonging.

¹¹ In accordance with the Masteel Group Enterprise Annuity Scheme, eligible employees are automatically enrolled in the plan upon completion of their probationary period. Those who opt not to join may subsequently reapply in writing to join the plan at a later date.

¹² According to the *Measures for Employee Attendance and Leave Management*, each parent is entitled to ten days of parental leave annually until the child reaches the age of six.

Democratic Management and Communication

We attach great importance to employees' views and feelings. By establishing and improving two-way communication mechanisms and democratic oversight systems, the Company effectively safeguards employees' rights to participation, expression, and supervision, and fosters harmonious and stable labor relations.

Anti-Discrimination and Anti-Harassment

The Company consistently upholds the values of equality and respect and is committed to building a safe, healthy, and inclusive workplace. It firmly opposes and prohibits all forms of discrimination, harassment, bullying, and intimidation. Through institutional safeguards, policy communication and training, and the establishment of support networks, the Company has systematically built prevention and response mechanisms to effectively protect employee dignity and rights.

The Company has established and implemented group-level anti-discrimination and anti-harassment policies. The *Masteel Limited Operations Management Manual* explicitly prohibits discrimination based on gender, disability, ethnicity, place of origin, religion, or other protected characteristics in recruitment, compensation, training, and position appointment. The *Measures for Employee Recruitment Management* further emphasizes that no employment discrimination may be carried out on the basis of ethnicity, race, gender, or religious belief. The *Collective Contract of Magang Group* and the *Collective Contract of Masteel* also explicitly prohibit violence, persecution, discrimination, and sexual harassment against female employees, and establish corresponding complaint and protection mechanisms to prevent retaliation against complainants.

To implement these policies, the Company has established an employee rights support network composed of labor unions at all levels, business units, and functional departments, with clearly defined procedures for incident reporting, investigation, and handling. In addition, the *Measures for Employee Rewards and Disciplinary Actions* further regulates the handling of misconduct, specifying that acts not explicitly covered by professional assessment rules but that seriously harm the interests of the Company and its employees may be dealt with by reference to relevant regulations; violations involving breaches of law are to be referred to the competent state authorities; and acts that disrupt production and operations may be referred to public security authorities. Together, these systems form a comprehensive closed-loop mechanism covering prevention, complaint handling, investigation, and disciplinary action.

The Company communicates relevant policies to all employees by issuing policy documents and organizing learning sessions across all units, ensuring that anti-discrimination, anti-harassment, and other employee rights-related policies are fully understood. To date, the Company has not recorded any incidents related to discrimination or harassment. Going forward, it will continue to improve relevant mechanisms, consolidate an environment of equality, respect, and safety, and enhance employees' sense of belonging and well-being.

Democratic Communication

To effectively protect employees' legitimate rights and interests, the Company convenes the Magang Group Employees' Representative Congress on a regular annual basis. During the reporting year, the Company organized the first session of the 11th Masteel Employees' Representative Congress. At the same time, the Company's labor union organization achieved full employee coverage, with union membership reaching 100% in 2025, providing a normalized channel for rights protection and democratic participation.

In 2025

union membership reached
100%
providing a normalized channel for rights protection and democratic participation

Satisfaction Surveys

To systematically understand employee needs and improve management in a targeted manner, the Company regularly organizes company-wide surveys in accordance with the *Measures for Employee Satisfaction Survey Management*, gaining in-depth insight into employees' views and suggestions regarding corporate culture, internal communication, policy implementation, and human resources management.

The Company analyzes the results of employee satisfaction surveys and uses them to implement targeted management improvements, continuously enhancing employee satisfaction and sense of belonging.

Employee Satisfaction Survey Results Over the Past Five Years¹³

Year	Satisfaction
2021	89.59%
2022	90.21%
2023	90.25%
2024	83.09%
2025	84.04%

Caring for Employees' Daily Lives

The Company always places employee well-being in a prominent position and has built a multi-dimensional employee care system covering material assistance, psychological support, and care for special groups, striving to create a warm, inclusive, and dignified working environment for all employees.

In terms of financial assistance and emergency relief, the Company has established a comprehensive employee care and support mechanism. Through dedicated assistance funds, labor unions, and volunteer networks, it provides employees facing serious illness, accidental disasters, or family hardship with timely financial assistance, daily care, and emotional support. In 2025, the Company actively advanced the special initiative "Passing on Warmth, Walking with Care," disbursing a total of RMB 3.5342 million in assistance funds during the year. Through the employee mutual aid mechanism, it also provided RMB 2.0123 million in relief funds to 174 employees (including family members) across 22 units, effectively alleviating employees' practical difficulties.

In terms of mental health and stress management, the Company attaches importance to employees' psychological experience and emotional well-being. By implementing a personalized "one person, one form" management model, establishing multi-level communication channels for employee concerns, and carrying out ongoing team-building and stress-relief activities, the Company has built a workplace stress support mechanism. It has also established a tiered policy communication system to keep employees informed of corporate developments in a timely manner, reduce anxiety arising from information asymmetry, and foster a positive and transparent organizational climate.

In terms of inclusive benefits and practical employee-focused initiatives, the Company has continued to deepen and strengthen employee care. During the year, it completed 37 "Three Most" practical projects, distributed RMB 1.2224 million in dedicated welfare funds through initiatives such as "Delivering Coolness in Summer," organized recuperation and wellness programs arranged by provincial and municipal labor unions for 47 model workers and outstanding employees, and completed and passed acceptance for four Baowu-level Employee Health Stations, further expanding employee health services and leisure facilities.



Employee Health Station

At the same time, the Company has continued to provide care for special groups. In 2025, it arranged appropriate positions for more than 64 employees with disabilities and upgraded necessary facilities to ensure they could work safely and with dignity and share in the Company's development achievements.

¹³ Since 2025, the company has implemented a systematic adjustment to the methodology for calculating satisfaction metrics, resulting in a discrepancy between the reported 2024 figure (83.09) and the previously disclosed value (94.86). If recalibrated uniformly under the current methodology, satisfaction data for the past five years (2021–2025) in fact shows a steady year-on-year upward trend.

Building Growth Pathways and Empowering Career Development

The Company always regards talent as its most valuable core resource and is committed to building a systematic, professional employee development system that is closely aligned with its strategy. With a clear job framework as the foundation, targeted training programs as the engine, and scientific performance management as the guide, the Company fully opens up career development pathways for employees, stimulates shared growth momentum for both the organization and individuals, and continuously injects talent-driven impetus into high-quality corporate development.

Career development system

- The Company has established a multi-channel career development system, with positions divided into three major streams: management, technical/business, and operations/maintenance. It also provides diversified development pathways such as cross-stream transfers and advancement within each stream, breaking down identity barriers and significantly expanding career development space for technical/business and operations/maintenance personnel.

Career development and promotion

- The Company has established multidimensional promotion evaluation criteria covering academic background, performance, and work experience, and carries out talent selection and appointment in a standardized manner in accordance with the *Masteel Leader Selection and Appointment Management Measures* and the *Employment Management Measures for Positions*.
- The Company continues to improve its institutional framework. In 2025, the newly revised *Masteel Leader Selection and Appointment Management Measures* strengthened leadership development and optimized qualification and probation management, with the aim of selecting high-potential and accountable leadership talent. At the same time, the updated *Employment Management Measures for Positions* further delegated decision-making authority on talent appointments and enhanced the flexibility and effectiveness of talent allocation through scientifically adjusted appointment criteria.

Performance management system

- The Company operates a performance management system oriented toward value contribution, with performance assessment covering all employees. In accordance with the *Employee Performance Management Measures*, and centering on the two core dimensions of work performance and job competency, the Company has established a multi-dimensional performance evaluation mechanism that incorporates self-assessment, superior appraisal, and peer review. Standardized requirements have been set for evaluation criteria, cycles, implementation, and feedback to ensure full employee participation, objective processes, and fair results in the performance evaluation.
- In practice, each secondary unit sets differentiated assessment goals and cycles (monthly/quarterly) according to specific job characteristics, which are then aggregated to form an annual comprehensive evaluation. Through personalized performance contracts such as the "one person, one form" system, the Company clarifies indicators, targets, and incentive standards. Evaluation results are promptly communicated, achieving closed-loop management that effectively transmits expectations, accurately motivates, and drives continuous improvement.

Employee training

- The Company has established a training system driven by both strategic needs and employee development, delivering targeted capability-building programs for the management, technical, and operational streams, including training for young managers, cross-functional talent development across production, R&D and sales, and skills enhancement programs.
- In 2025, the Company systematically organized 248 training programs covering management development, specialized safety management, skills enhancement, and other areas, with skills improvement initiatives precisely covering 51 key occupations or trades.
- The Company has also proactively arranged targeted adaptive training programs focused on production line adjustment, digital transformation, and employee transition needs, carrying out "one specialty with multiple capabilities" skill expansion initiatives. Through optimized job arrangements, it also supports employees approaching retirement in continuing to contribute effectively, thereby systematically strengthening the talent base and broadening career development pathways.
- For new hires and employees changing roles, the Company places particular emphasis on "mentor-apprentice" on-site practical training, supplemented by certification training and theory-based instruction delivered by professional personnel, to accelerate employee development.

Leadership Development

To meet the strategic needs of transformation, upgrading, and high-quality development, and to build a team of young managers with strong conviction, professional competence, and practical capability, the Company launched a two-year systematic development program for 109 young managers born after 1985. Through a scientifically designed curriculum system, the program strengthened ideological development, professional training, and practical experience, with the aim of continuously improving managerial behavior, enhancing performance capability and accountability, and building a core leadership pipeline for the Company's long-term development.

In 2025

The Company launched a two-year systematic development program

109



Digital Transformation Training

To accelerate the building of a digitally capable talent pipeline that supports high-quality development, and to cultivate versatile talent with both steelmaking process expertise and digital capabilities, the Company launched a Digital Engineer Certification Development Program. The program is designed to systematically enhance employees' professional capabilities in areas such as data analysis, intelligent control, and the industrial internet. In its first phase, 51 key employees participated in certification, providing strong talent support for the Company's digital transformation.

In 2025

the number of key employees participating in the first phase of the Certification Program reached

51



Strengthening the Safety Foundation and Protecting Physical and Mental Health

Masteel always places employees' life safety and physical and mental well-being at the top of its development priorities, regarding safety as the foundation of production and health as the basis of well-being. In 2025, with the annual objective of "health for all employees and intrinsically safe operations," the Company further embedded its safety philosophy of "life first, zero accidents, zero violations, and zero hazards." Through systematic system development, precise risk control, full accountability, and people-centered health care, it built a robust occupational health and safety defense line, laying a solid foundation for the Company's sustainable development and employees' well-being.

Management System

The Company consistently adheres to the principle of "safety first, prevention first, and comprehensive management." With a systematic approach, it has built an occupational health and safety management system (OHSMS) covering all employees, all processes, and all business operations. Through improved systems, strengthened accountability, optimized procedures, and continuous improvement, the Company is advancing safety management from basic compliance toward excellence, effectively safeguarding employees' life and health and ensuring safe and stable operations.

Safety Management System

The Company has formulated and implemented occupational health and safety policies and systems covering all operational activities, all employees, and contractors under its supervision. These policies and all production safety management systems are formally published on the Company's policy management platform and are accessible to all employees for review and download through individual accounts. When formulating and revising key documents such as policies and annual safety work plans, the Company consults all units to ensure employee participation and engagement. After receiving such documents, each unit further organizes internal communication, training, and learning activities.

Based on this policy framework, in 2025 the Company centered its efforts on the ISO 45001:2018 standard and the high-risk operational characteristics of the metallurgical industry. Through system upgrades, enhanced accountability, precise risk control, and strengthened health protection, it comprehensively improved the suitability, adequacy, and effectiveness of its OHSMS. In 2025, the Company successfully passed the annual ISO 45001 surveillance audit, with certification coverage reaching 100%. It was also recognized as an "Occupational Health Demonstration Enterprise" in Anhui Province, and its management practices were included in an excellent OHSMS case library for the metallurgical industry, demonstrating its industry-leading safety governance capability.

In 2025

the Company successfully passed the annual ISO 45001 surveillance audit, with certification coverage reaching

100%



ISO 45001 Certificates of Maanshan Iron & Steel Company Limited and Maanshan Iron & Steel Co., Ltd.

ISO 45001 Certificate of Anhui Changjiang Iron & Steel Co., Ltd.

To ensure top-level oversight and strategic alignment, the Company has established a standardized Board reporting mechanism and set up an OHSMS Promotion Committee led by the Chairman, with the Safety and Environmental Protection Department serving as the day-to-day management body. The Company systematically revised 12 core systems, including the *Occupational Health and Safety Management Manual* and the *Employee Safety Production Responsibility System*.

At present, Magang Group Company Limited retains its Work Safety Committee, with the Safety and Environmental Protection Department responsible for its daily management functions. Subsidiaries including Masteel Limited and Anhui Changjiang Iron & Steel Co., Ltd. have also established their own Work Safety Committees and safety management departments, together forming a group-wide work safety management network and accountability system.

Board Reporting Mechanism

Routine	Special reporting	Management review
In accordance with listed company governance requirements, OHSMS performance is incorporated into quarterly operating analysis reports, semi-annual reports, and annual reports, and is submitted by management to the Board in writing. Reporting covers core matters such as system performance, major risks, and corrective measures.	In the event of a major safety incident, a material system change (such as revision of core policies or major engineering modifications), or major non-conformities identified in external audits, a special Board meeting is convened immediately to report on the matter and review the response plan.	An annual OHSMS management review is organized in the fourth quarter. The resulting review report is formally submitted to the Board and serves as an important basis for decisions on system optimization priorities and resource allocation in the following year, ensuring continued improvement and ongoing alignment with corporate strategy and external regulatory requirements.

The Company has established a four-tier safety accountability network spanning the Company, plant, workshop, and team levels. Target responsibility agreements are signed level by level, and key safety and health indicators are incorporated into performance assessments at each level. A "one-vote veto" mechanism is applied to work safety, ensuring that responsibility is cascaded to every employee.

In 2025, the Company established **287** accountability grids to strengthen area-based supervision.

15 directly accountable managers were held to account	Direct penalties totaling RMB 139,000 were imposed	Special safety rewards totaled RMB 4.619 million
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A total of **RMB 108,700** in assessment deductions was imposed on units for various accident hazards and violation-related process issues

Safety Management of Collaborative Units

The Company strictly follows the principle of "Four Same Management"— same system, same standards, same requirements, and same treatment— and fully incorporates collaborative units into its integrated safety management system. In accordance with policies such as the *Measures for Occupational Health Management*, *Measures for Employee Reporting of Work-Related Injuries*, *Measures for Reporting, Investigation and Statistics of Safety Incidents*, and the *Compilation of Emergency Response Plans*, collaborative personnel are subject to the same occupational health monitoring, work injury reporting, accident handling, and emergency response management as the Company's own employees.

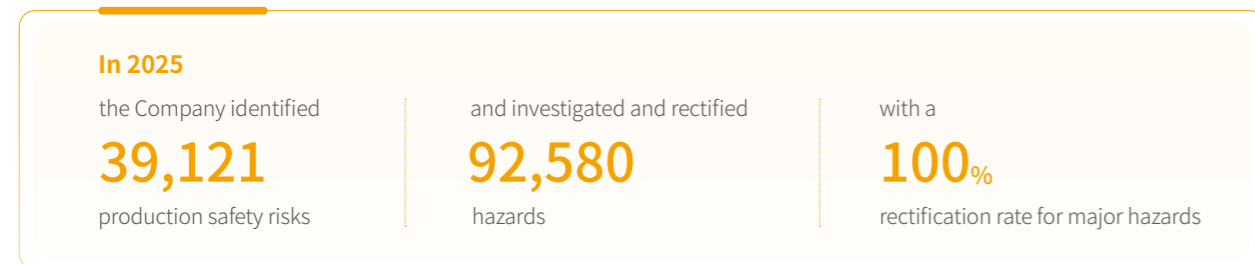
At the same time, through the *Safety Management Measures for Collaboration*, the Company explicitly extends these standards and requirements to contractors, suppliers, and other related parties, ensuring consistent implementation of safety and health management standards throughout the value chain and enabling coordinated risk control across the full process.

Production Safety

Guided by its safety philosophy of "life first, zero accidents, zero violations, and zero hazards," the Company has systematically established a safety management framework featuring tiered inspection, site-wide screening, and closed-loop rectification, comprehensively strengthening production safety defenses.

Risk and Hazard Identification

The Company strictly implements the *Measures for Hazard Identification, Risk Assessment and Risk Control* and the *Measures for Investigation and Management of Hidden Dangers in Production Safety Accidents*. It operates a four-level standardized inspection mechanism consisting of monthly spot checks at the Company level, weekly inspections at the plant level, daily inspections at the workshop level, and pre-shift checks at the team level, while carrying out targeted inspections of core equipment and critical risk points such as blast furnaces and gas pipelines. Throughout the year, the Company identified 39,121 production safety risks and investigated and rectified 92,580 hazards, with a 100% rectification rate for major hazards. Supported by a digital platform, it achieved full-process closed-loop management covering hazard reporting, handling, acceptance, and verification, effectively building a comprehensive risk prevention and control network.



Management of Unsafe Acts

To address the management challenge that "visible problems cannot be controlled, while controllable issues cannot be seen," the Company innovatively launched the "Three No Violations" initiative and the "Safety Whistleblower" mechanism. Centered on the core behavioral principles of "no illegal command, no illegal operation, and no violation of labor discipline," this mechanism grants every frontline worker both the authority and the channels to proactively report hazards and immediately stop unsafe acts. It has extended the reach of safety supervision to the source of operations and strongly promoted a shift in safety responsibility from "I am required to be safe" to "I want to be safe, I can be safe, and I know how to be safe."

Emergency Preparedness and Response

The Company systematically revised a range of specialized emergency response plans, including the *Emergency Response Plan for Fire and Explosion*, *Emergency Response Plan for Poisoning and Suffocation*, and *Emergency Response Plan for Extreme Weather (High Temperature / Low Temperature / Strong Wind / Flooding)*, and stocked emergency supplies such as respirators and leak sealing tools as required. During periods of extreme weather and flood season, the Company maintained 24-hour emergency duty arrangements and established an early-warning coordination mechanism with meteorological and water resources authorities. In 2025, the Company organized 126 emergency drills, including six practical drills for scenarios such as blast furnace gas leakage, effectively testing the feasibility of its emergency plans and the cross-departmental coordination capability of its response mechanisms.

In 2025



Safety Training

The Company is committed to enhancing all employees' safety awareness and practical response capability through systematic training, building a protective network in which everyone understands safety and knows how to respond in emergencies.

Systematic Training

The Company has built a comprehensive safety training system integrating both online and offline methods. Through multi-level, full-position training focused on production safety knowledge, risk identification and prevention, and practical operational skills, it systematically strengthens employees' theoretical safety knowledge, risk awareness, and emergency response capability.

Basic Safety Knowledge and Skills Training

The Company has carried out dedicated training on production safety standardization systems and professional capability enhancement courses, while also organizing regular safety education and training through online learning platforms. In 2025, 16,158 employees completed online safety learning and assessment through the "Magang Online Learning Platform." For management-focused training, the Company organized certification training for 2,843 personnel, including principal responsible persons, safety management personnel, and personnel engaged in special equipment or special operations. It also organized 636 principal Party and administrative leaders and safety managers to complete 20,467 hours of learning via the metal smelting safety production online platform, and delivered specialized training to 238 participants on topics including the Baosteel safety management system, the principle of "three management responsibilities and three necessary responsibilities," and information systems. In addition, the Company organized safety warning education training for 8,323 frontline employees to reinforce awareness of safety red lines.



Training Session

In 2025

organizing safety capability enhancement training

289

Team safety management capability training

1,178
During the reporting period

Completed such training for collaborative personnel

7,220

formal employees

7,971
In 2025

delivered training to participants on firefighting

438

Participants on occupational health

411

the Company's safety training coverage exceeded

98.97%

Training on Operational Standards and Risk Prevention and Control

Focusing on high-risk operations, the Company carried out targeted training on special operations, Kiken Yochi Training (KYT, hazard prediction training), hot work, and other specialized topics to strengthen employees' awareness of standardized operations and proactive risk prevention. The Company also emphasizes building grassroots safety management capability, organizing safety capability enhancement training for 289 operation supervisors and team safety management capability training for 1,178 team leaders, thereby reinforcing the foundation of frontline management.

Enhancing Safety Experience Training for Collaborative Personnel

In accordance with the *Masteel Safety Experience Center Training Manual*, the Company organized practical safety experience training for collaborative personnel and employees who had committed violations. During the reporting period, it completed such training for 7,220 collaborative personnel and 7,971 formal employees.

Professional Qualification Training

The Company organized safety management personnel to participate in professional qualification training such as ISO 45001 internal auditor courses, and regularly conducted certification and refresher training for special operations personnel. In addition, it delivered training to 438 participants on firefighting, 411 participants on occupational health, and other specialized skills training covering topics such as the *Safety Code for Coking* (GB 12710-2024), internal auditor training, and collaborative personnel access requirements. Through a variety of activities, including first-aid skills competitions for all employees covering cardiopulmonary resuscitation (CPR) and AED use, the Company integrated theoretical knowledge with practical capability.

In 2025, the Company's safety training coverage exceeded 98.97%, significantly improving employees' ability to identify risks, operate safely, and respond to emergencies.

Long-Term Capability Building Mechanism

The Company transforms typical issues and cases identified during hazard inspections into training materials and incorporates them into company-wide safety education, creating a virtuous cycle of "using inspection to promote training, and training to prevent risks." Through sustained capability building, it ensures that every employee is not only a practitioner of safe production, but also a whistleblower and supervisor in risk prevention, jointly consolidating the foundation for the Company's safe development.

Occupational Health

The Company has established a comprehensive protection system covering occupational health surveillance, tiered risk control, hazard identification and remediation, and physical and mental well-being support, effectively safeguarding employees' occupational health and safety.

Occupational Health Surveillance and Risk Control

The Company achieved 100% occupational health examination coverage for employees exposed to occupational disease hazards. Employees identified with occupational contraindications were all reassigned and included in focused health monitoring. At the same time, frontline employees were provided with dedicated personal protective equipment compliant with national standards, including protection against cold, dust, and noise, thereby safeguarding occupational health from a hardware perspective. The Company also conducted a plant-wide survey of occupational disease hazard factors and classified risks across 15 categories of hazards including dust, noise, high temperature, and chemical toxins, establishing a dynamic control list to ensure that occupational hazard factors comply with national standards.

Occupational Health Management Measures

- Occupational health examinations were conducted for 5,611 employees in exposure-related positions across 11 units involving occupational hazards. A total of 65 employees were identified with occupational contraindications and were all reassigned from their original positions.
- Special inspections on occupational health management were carried out across 11 units, identifying 65 issues, all of which were rectified.
- On-site testing of workplace occupational disease hazard factors was completed for 11 units.

Hazard Identification and Closed-Loop Management

The Company has established a normalized hazard identification mechanism comprising daily checks by teams, weekly checks by workshops, monthly checks by plants, and quarterly inspections by the Company. It carries out targeted inspections of key equipment and high-risk areas such as blast furnaces and gas pipelines. Supported by a digital platform, the Company has achieved full-process closed-loop management of hazard reporting, graded handling, rectification acceptance, and effectiveness verification. During the year, a total of 31,234 hazards were identified and rectified, and the rectification rate for major hazards reached 100%.

Safeguarding Employees' Physical and Mental Health

The Company has thoroughly implemented the "Health Escort" initiative by establishing dedicated institutions and full-time personnel responsible for employee health work and by providing sufficient financial support to promote regularized and systematic health management. Each year, the Company organizes health examinations for all employees, offering both employer-designated and self-selected packages to address personalized employee needs. It also carries out health interventions for common and frequently occurring illnesses, invites medical experts to deliver health lectures at frontline sites, and provides interpretation of health examination reports and individualized guidance to employees. At the same time, the Company has expanded fitness facilities and organized a variety of exercise programs to encourage healthy lifestyles and foster a positive and healthy work and living environment.

Performance Indicators

The Company fully achieved all of its key annual performance indicators for 2025, and the scope and assessment results of these indicators fully covered all employees and relevant parties. Guided by continuous improvement, and taking into account industry risk characteristics and management priorities, the Company has also scientifically established key performance targets for 2026, aiming to further improve occupational health and safety performance year by year.

Key Annual Performance Indicators for 2025

Target	Unit	Annual Target
Injury frequency rate (including collaborative personnel)	number of injuries / million total hours worked	≤ 0.15
Injury severity rate (including collaborative personnel)	total lost hours / million total hours worked	≤ 200
Serious near-miss accidents	cases	0
Fire accidents with direct economic loss of RMB 1 million or more	cases	0
Fatal road traffic accidents in plant areas for which the Company bears primary or greater responsibility	cases	0
Pass rate of testing for occupational disease hazard factors in positions	%	≥ 95
First-pass inspection rate for lifting machinery	%	≥ 96
First-pass inspection rate for firefighting facilities	%	≥ 95

Key Annual Performance Targets for 2026

Target	Unit	Annual Target
Fatal workplace accidents	cases	0
Fire accidents causing direct economic losses of RMB 2 million or more to the Company	cases	0
Fatal road traffic accidents in plant areas for which the Company bears primary or greater responsibility	cases	0
Injury frequency rate (including collaborative personnel)	number of injuries / million total hours worked	≤ 0.15
Injury severity rate (including collaborative personnel)	total lost hours / million total hours worked	≤ 200
Control rate for major fire hazards	%	100
Pass rate of testing for occupational disease hazard factors in positions	%	≥ 95
Pass rate for safety training across all employees	%	100
First-pass inspection rate for lifting machinery	%	≥ 96
Rectification rate for fire safety hazards	%	100

Giving Back to Society and Building Harmonious Communities Together

To further regulate charitable activities and improve the systematic and effective fulfillment of social responsibility, Masteel formulated and issued the *External Donations and Sponsorship Management Measures of Masteel*. Through a project-based, standardized, and process-oriented management model, the Company exercises end-to-end control over external donations and sponsorship activities, with the aim of strengthening the compliance and transparency of resource utilization, ensuring that charitable investment effectively serves social needs and the Company's sustainable development objectives, and promoting the integration of philanthropic action and social value creation to contribute to a harmonious society.

Rural Revitalization

Masteel actively responds to the national rural revitalization strategy by supporting rural economic development through industrial assistance, educational support, and other measures, thereby further consolidating poverty alleviation outcomes and demonstrating the responsibility of a state-owned enterprise. In 2025, the Company invested a total of RMB 684,000 in rural revitalization initiatives, benefiting 11,000 local residents.

Targeted Rural Revitalization Assistance by Masteel and Its Subsidiaries

Masteel actively responded to the national rural revitalization initiative and, together with its subsidiary Masteel Limited, carried out targeted assistance programs. In 2025, key assistance efforts focused on Liji Village and Longtai Village. In terms of industrial support, we supported the fresh corn processing project in Liji Village and the Lingnongtan rice seedling cultivation investment project in Longtai Village. In terms of infrastructure improvement, we implemented the road lighting project in Liji Village and the "Civility Points Supermarket" initiative. We also invested in education by improving teaching facilities at the school in Longtai Village.

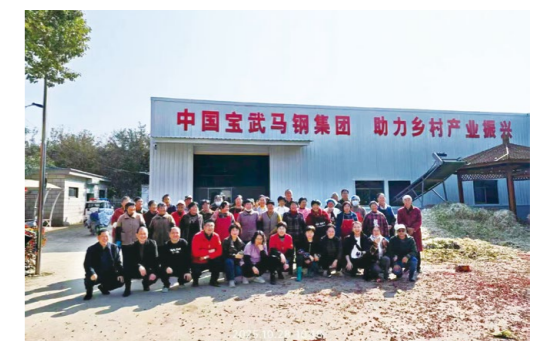


On-site Targeted Assistance Activities in Longtai Village

Masteel Supports the Corn Processing Industry in an Assisted Village

In 2025, Masteel invested RMB 300,000 in assistance funds to support the development of the fresh corn planting industry in Liji Village, Dicheng Town, Funan County. The Company engaged Magang Design Institute to provide design support for the project, took the lead in visiting Anhui Agricultural University and the Anhui Academy of Agricultural Sciences to obtain professional guidance on seed selection and cultivation, and coordinated the resolution of various issues arising during project implementation, fully safeguarding the scientific basis and sustainability of the industrial support project.

By establishing a collaborative model of "village Party general branch + cooperative + enterprise + farmers," we leveraged mechanisms linking enterprises with farmers to promote employment and income growth. At the same time, we invited experts from the Anhui Academy of Agricultural Sciences and the Hanshan County Agricultural Technology Station to provide online training for relevant personnel in assisted villages, covering assistance policies, agricultural machinery subsidies, and fresh corn cultivation. A total of 42 participants attended, effectively supporting the development of rural industry talent.



Group Photo of Workers at the Assisted Village Corn Processing Plant Upon Commencement of Operations

Social Welfare

The Company actively fulfills its social responsibilities by carrying out community care and volunteer service activities across multiple areas, including community free medical consultations, charitable donations, and public welfare charity sales, and by building distinctive volunteer service teams that give back to the community through concrete action. At the same time, the Company's subsidiaries Masteel Limited and Baowu Group Masteel Rail Transit Materials Technology Co., Ltd. actively participated in the "One-Day Charity Donation" campaign, donating to the Municipal Charity Federation and contributing Masteel strength to public welfare. In 2025, employees participated in social welfare activities 4,288 times, total annual volunteer service hours reached 8,397 hours, average volunteer service time per employee was 2.50 hours, and total external donations amounted to RMB 1.8564 million.

In 2025

Employees participated in social welfare activities

4,288 times

Average volunteer service time per employee was

2.50 hours

Total external donations amounted

RMB 1.8564 million

Free Medical Consultation Campaign for Left-Behind Residents in Assisted Villages

Masteel, together with Deyu Medical Ma'anshan General Hospital and other partners, carried out free medical consultation and medicine delivery activities in Liji Village, Dicheng Town, Funan County, and Longtai Village, Lintou Town, Hanshan County.



Free Medical Consultation Campaign for Left-Behind Residents in Assisted Villages



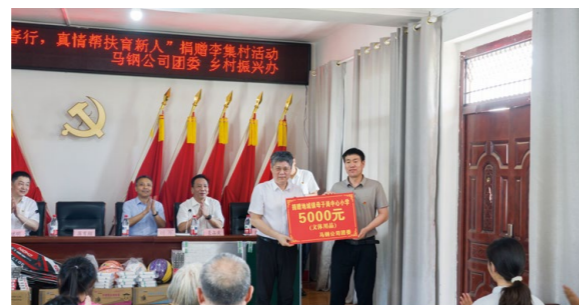
Free Medical Consultation Activity in Longtai Village

Charitable Donation Campaign for Assisted Villages

Masteel carried out charitable education assistance activities in Liji Village and Longtai Village, donating RMB 20,000 in educational assistance funds to a total of 20 primary and secondary school students from financially disadvantaged families with strong academic performance in the two villages. In addition, it donated RMB 5,000 worth of cultural and sports supplies to the local school in Liji Village.



Donation Ceremony for Educational Assistance Funds



Donation Activity at the Local School

From Poverty Alleviation to Capacity Building — Helping Children Fulfill Their Dreams

Leveraging the role of Party organizations and the leading role of Party members, Masteel carried out the 2025 "Golden Autumn Education Support · Bringing Warmth to Longtai" special initiative:



Actively mobilized employees to donate funds and goods, raising more than RMB 140,000.



Visited nine villager groups in Longtai Village and distributed educational assistance funds and "youth growth gift packs" to students from 10 disadvantaged households, helping 12 underprivileged students realize their educational aspirations.



Launched the "Young Employees Paired with Longtai Students" initiative, establishing one-to-one connections with assisted students and providing regular academic tutoring and guidance on interest development.



Organized a holiday "Steel Science Popularization Study Camp," taking 200 primary school students into Baosteel facilities to experience science learning and enriching life activities.

At the same time, in response to the lack of teaching instruments and equipment at Zhangtong Middle School in Lintou Town, Hanshan County, Masteel allocated RMB 84,000 in dedicated education assistance funds to purchase equipment including a high-definition LED display, air conditioners, computers, and color printers, providing hardware support for high-quality education.

Public Welfare Charity Sale for the March 5 "Learn from Lei Feng" Memorial Day

In March 2025, the Youth Development Committee of China Baowu's Ma'anshan Headquarters mobilized young volunteers to donate books and other items to participate in the "Book Drifting Station" and "Second-Hand Charity Market" events held as part of the Ma'anshan "March 5 Learn from Lei Feng Memorial Day" public welfare charity sale. Funds raised from the sale were used to fulfill small community wishes, enhancing local residents' sense of happiness and belonging.



Public Welfare Charity Sale for the March 5 "Learn from Lei Feng" Memorial Day

Local Support

Masteel firmly believes that "teaching people how to fish is better than giving them fish." While actively carrying out charitable donation and other public welfare projects, the Company also creates local employment opportunities and enhances employability through vocational skills training, making every effort to promote sustainable community development. In 2025, the Company enabled 28 young people of working age from assisted rural communities to study at the Magang Technical Institute. Through vocational and technical empowerment, these young students were able to develop practical skills. Graduates who meet the Company's production and operational skills requirements will be assessed and given priority consideration for employment. In addition, we arranged suitable positions for persons with disabilities and maintained close coordination with municipal government departments such as the Veterans Affairs Bureau to encourage eligible local veterans to join Magang, fully fulfilling its social responsibility to support local employment.

At the same time, We continues to strengthen engagement with local stakeholders and actively fulfills its commitments to local governments and residents. Under the capital increase agreement signed by our subsidiary Changjiang Steel, annual donations of up to RMB 800,000 are made to the local Red Cross for the designated purpose of supporting pension payments at local elderly care institutions. In 2025, Changjiang Steel donated RMB 772,350 through the Anhui Changjiang Charity Foundation. We maintains long-term strategic cooperation with overseas mining companies and major domestic coal producers and does not engage in independent mining development plans. As a result, We have not caused any significant impacts on local communities, the environment, or natural resources.

Future Prospects

A strong start demands sustained momentum; determined progress requires unwavering commitment. The year 2026 marks the opening year of the 15th Five-Year Plan and the beginning of a new journey for Masteel as it embarks on a new stage of development and works to achieve further breakthroughs in high-quality growth. In the year ahead, the Company will continue to strengthen momentum through technological innovation, enhance competitiveness through lean management, unlock new growth opportunities through transformation and upgrading, and set a benchmark through green and intelligent development. With these efforts, Masteel will strive to write a new chapter in its journey toward higher-quality, more efficient, and more sustainable development.



Appendix

Key Performance Indicators

Indicator	Unit	2023	2024	2025
Operating Revenue	RMB 100 million	989.38	818.17	775.25
Compound growth rate of Operating Revenue	%	6.63	-10.43	-8.79
Total profit	RMB 100 million	-15.97	-48.30	1.40
Net profit	RMB 100 million	-16.40	-49.84	-0.27
Operating profit margin	%	-1.61	-5.77	0.19
Current ratio	—	0.50	0.43	0.60
Total market capitalization	RMB 100 million	182.90	208.42	291.13
Social contribution per share	RMB/share	0.53	-0.01	0.71
Total taxes	RMB 100 million	11.21	9.17	14.82
Number of Board members	Persons	7	7	6
Number of independent directors	Persons	4	4	4
Proportion of independent directors	%	57.14	57.14	66.67
Proportion of female directors	%	0	14.29	16.67
Average tenure of Board members	Years	3	1.25	1.86
Turnover rate of directors, supervisors and senior management	%	26.09	34.78	47.62
Standard deviation of age of directors, supervisors and senior management	Years	3.20	4.79	4.46
Number of days between the notice date and the convening date of the annual general meeting of shareholders	Days	27	30	30
Ratio of the shares holding by equity incentive employees of the total share capital	%	0.60	0.60	0
Number of corruption lawsuit cases of employees	Cases	0	0	0
Number of directors participating in anti-corruption training	Persons	9	10	8
Coverage rate of directors participated in anti-corruption training	%	100	100	100
Average anti-corruption training hours per director	Hours	32	24	30.75
Number of employees participating in anti-corruption training	Persons	7,545	7,498	10,817
Number of employees penalized or dismissed for violating anti-corruption policies ¹⁴	Persons	2	1	24
Costs related to corruption fines, penalties, or settlements ¹⁵	RMB 10,000	0	0	2.9
Total hours of compliance training	Hours	56	31	52

¹⁴ For 2024 and prior years, the indicator was "Number of employees dismissed." The 2025 indicator "Number of employees disciplined or dismissed for violating anti-corruption policies" has been expanded to include employees disciplined for violations of anti-corruption policies.

¹⁵ The 2025 data for "Costs related to corruption fines, penalties, or settlements" includes disciplinary fines remitted by employees to the company for violations of discipline.

Indicator	Unit	2023	2024	2025
Number of participants in compliance training	Person-times	506	261	300
Number of ESG-specific training sessions	Times	5	7	7
Total hours of ESG-specific training	Hours	20	36	47
Confirmed harassment or discrimination cases	Cases	/	/	0
Confirmed customer privacy data breach cases	Cases	/	/	0
Confirmed conflict of interest cases	Cases	/	/	0
Confirmed money laundering or insider trading cases	Cases	/	/	0
Senior executive shareholding ratio	%	0.02	0.02	0
Share pledge ratio of controlling shareholder	%	0	0	0
Total R&D investment	RMB 100 million	39.38	36.46	36.08
R&D investment as a percentage of operating income	%	3.98	4.46	4.65
Year-on-year growth rate of R&D expenses	%	-10.12	-11.45	-3.74
Total number of patent applications filed annually	items	480	423	407
Number of invention patents filed annually	items	390	388	380
Total number of newpatents authorized annually	items	295	231	398
Number of new invention patents authorized during the year	items	224	197	376
Total number of valid patents	items	2,541	2,588	2,860
Number of invention patents applied to main business	items	2,541	2,588	2,860
Number of software copyrights	items	10	15	43
Number of R&D personnel	persons	2,037	2,408	2,353
Proportion of R&D personnel	%	10.98	14.50	14.02
Number of customers	customers	1,466	1,368	1,500
Number of customers in East China	customers	1,009	1,014	1,020
Number of customers in South China	customers	104	71	62
Number of customers in North China	customers	108	44	57
Number of customers in Southwest China	customers	61	39	51
Number of overseas customers	customers	170	200	178
Number of customers in Central China	customers	/	/	87
Number of customers in Northeast China	customers	/	/	30
Number of customers in Northwest China	customers	/	/	15

Indicator	Unit	2023	2024	2025
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	cases	1,916	2,861	2,933
Customer complaint resolution rate	%	94.25	90.53	96.62
Customer satisfaction score	score	88.12	88.13	88.59
Total number of registered suppliers	Suppliers	2,152	277 ¹⁶	2,226
Number of domestic suppliers	Suppliers	2,130	268	2,204
Number of foreign suppliers	Suppliers	22	9	22
Number of suppliers with second-party audits during the Reporting Period	Suppliers	42	7	5
Number of suppliers terminated due to non-compliance	Suppliers	0	0	1
Number of potential suppliers rejected due to non-compliance	Suppliers	0	0	0
Number of suppliers receiving ESG training ¹⁷	Suppliers	21	53	41
Number of ESG training sessions for suppliers	Times	24	86	65
Number of regular suppliers ¹⁸	Suppliers	/	/	222
Number of strategic suppliers	Suppliers	/	/	35
Total number of employees	persons	18,555	17,561	16,780
Number of dispatched labor workers	persons	0	0	0
Total number of male employees	persons	17,070	16,187	15,478
Total number of female employees	persons	1,485	1,374	1,302
Total number of full-time employees	persons	18,555	17,561	16,780
Total number of part-time employees	persons	0	0	0
Proportion of employees from ethnic minority groups	%	1.60	1.51	1.54
Number of employees aged 35 and under	persons	4,650	4,091	/
Number of employees aged 36 to 40	persons	1,637	1,800	/
Number of employees aged 41 to 50	persons	6,577	5,884	/
Number of employees aged 51 to 60	persons	5,691	5,786	/
Number of employees aged 30 and below	persons	/	/	1,431
Number of employees aged 31 to 40	persons	/	/	4,237
Number of employees aged 41 to 50	persons	/	/	5,261

¹⁶ The statistical scope for the number of registered suppliers, domestic suppliers, and overseas suppliers in 2024 does not include its subsidiaries Changjiang Iron & Steel and Rail Transit.

¹⁷ Supplier ESG training covers safety, environmental protection and other relevant topics.

¹⁸ The figures for the number of regular suppliers and strategic suppliers are based on 2024 data, as the 2025 annual supplier evaluation is still in progress.

Indicator	Unit	2023	2024	2025
Number of employees aged 51 and above	persons	/	/	5,848
Number of employees registered within the province	persons	18,050	17,071	16,291
Number of employees registered outside the province	persons	505	490	489
Number of new hires during the reporting period	persons	225	32	90
Number of new jobs created during the reporting period	persons	225	33	90
Percentage of vacancies filled by internal candidates over the past four years	%	85	50	40
Average recruitment cost per hire	RMB 10,000	0.75	1.03	0.92
Number of male new hires over the past four years	persons	184	29	75
Number of female new hires over the past four years	persons	21	4	15
Number of New Hires in the Past Four Years (Mainland China)	persons	204	32	90
Number of New Hires in the Past Four Years (Hong Kong, Macao, and Taiwan)	persons	1	1	0
Number of New Hires in the Past Four Years (Overseas)	persons	0	0	0
Employees in Mainland China as a percentage of total workforce	%	/	/	99.99
Employees in Hong Kong, Macao and Taiwan as a percentage of total workforce	%	/	/	0.01
Overseas employees as a percentage of total workforce	%	/	/	0
Mainland China employees as a percentage of junior management	%	/	/	100
Mainland China employees as a percentage of middle management	%	/	/	100
Mainland China employees as a percentage of senior management	%	/	/	100
Hong Kong, Macao and Taiwan employees as a percentage of junior management	%	/	/	0
Hong Kong, Macao and Taiwan employees as a percentage of middle management	%	/	/	0
Hong Kong, Macao and Taiwan employees as a percentage of senior management	%	/	/	0
Overseas employees as a percentage of junior management	%	/	/	0
Overseas employees as a percentage of middle management	%	/	/	0
Overseas employees as a percentage of senior management	%	/	/	0
Labor contract signing rate	%	100	100	100
Number of senior managers	persons	/	/	4
Number of middle managers	persons	/	/	135
Number of frontline employees	persons	/	/	16,641

Indicator	Unit	2023	2024	2025
Number of departing senior managers	persons	/	/	1
Number of departing middle managers	persons	/	/	0
Number of departing frontline employees	persons	/	/	50
Proportion of female managers	%	4.79	4.65	4.97
Women in junior management positions	%	/	/	4.12
Women in middle management positions	%	/	/	3.57
Women in senior management positions	%	/	/	25
Female managers in revenue-generating functions (e.g., sales)	%	/	/	6.41
Women in STEM-related positions (e.g., R&D and technical, production and process, digital and intelligent functions)	%	/	/	5.93
Average number of annual paid vacation days per employee	days	12.60	12.71	11.52
Management compensation / total employee compensation ratio	%	14	15.51	15.57
Total amount of social insurance contributions	RMB 10,000	78,344	60,285	52,834
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	2,554.39	1,659.89	1,661.84
Proportion of employees receiving training	%	99.50	99	99.18
Employee training sessions	day/person	19.80	20.60	15.03
Number of male employees trained	persons	17,168	15,891	15,343
Training coverage rate for male employees	%	99.70	99.20	99.12
Average training hours per male employee	hours	157.20	164.70	123.10
Number of female employees trained	persons	1,484	1,345	1,299
Training coverage rate for female employees	%	99.20	99	99.77
Average training hours per female employee	hours	131.50	135.60	120.20
Number of managerial employees trained	persons	1,183	1,183	1,101
Training coverage rate for managerial employees	%	100	100	99.89
Average training hours per managerial employee	hours	209.40	249.61	213.24
Number of technical employees trained	persons	3,217	3,150	2,989
Training coverage rate for technical employees	%	94	99.7	98.33
Average training hours per technical employee	hours	187.40	220.71	130.55

Indicator	Unit	2023	2024	2025
Number of operations & maintenance employees trained	persons	14,057	12,953	11,999
Training coverage rate for operations & maintenance employees	%	99.6	99.3	96.8
Average training hours per operations & maintenance employee	hours	144.80	143.71	108.11
Employee satisfaction rate	%	90.25	83.09 ¹⁹	84.04
Employee turnover rate	%	0.28	0.51	0.30
Voluntary Employee Turnover Rate	%	0.28	0.51	0.30
Number of employee departures	persons	/	/	51
Resignation headcount	persons	47	89	50
Number of male employee departures	persons	/	/	45
Number of female employee departures	persons	/	/	6
Male employee turnover rate	%	0.26	0.46	0.29
Female employee turnover rate	%	0.02	0.05	0.46 ²⁰
Number of employee departures aged 30 and below	persons	/	/	19
Number of employee departures aged 30 to 40	persons	/	/	15
Number of employee departures aged 41 to 50	persons	/	/	3
Number of employee departures aged above 50	persons	/	/	14
Turnover rate of employees under30	%	0.15	0.19	1.31
Turnover rate of employees aged 30 to 40	%	0.10	0.24	0.35
Turnover rate of employees aged 41 to 50	%	0.02	0.03	0.06
Turnover rate of employees aged over 50	%	0.01	0.05	0.22
Turnover rate of employees registered within the province	%	0.23	0.43	0.34
Turnover rate of employees registered outside the province	%	0.05	0.08	0.15
Employee physical examination coverage rate	%	100	100	100
Coverage rate of labor union and collective agreements	%	/	/	100
Enterprise annuity coverage rate	%	/	/	100
Supplementary medical insurance coverage rate	%	/	/	100
Female employee health examination coverage rate	%	/	/	100
Revenue generated per capita	RMB 10,000	533	466	462
Total investment in safety production	RMB 100 million	0.76	1.20	0.89

¹⁹ Since 2025, the company has implemented a systematic adjustment to the methodology for calculating satisfaction metrics, resulting in a discrepancy between the reported 2024 figure (83.09) and the previously disclosed value (94.86). If recalibrated uniformly under the current methodology, satisfaction data for the past five years (2021–2025) in fact shows a steady year-on-year upward trend.

²⁰ 2024 and previous years' data uses the total employee count as the denominator, while the 2025 data has been revised to use the number of female employees as the denominator.

Indicator	Unit	2023	2024	2025
Investment of safety production liability insurance	RMB 10,000	30	28	41
Investment of work-related injury insurance	RMB 10,000	2,548.83	2,463.23	2,116.90
Coverage rate of work injury insurance	%	100	100	100
Coverage rate of employers' liability insurance for work safety	%	100	100	87
Number of safety production training sessions	sessions	788	1,534	1,457
Number of participants in safety production training	person-times	53,583	56,245	50,992
Total hours of safety production training	hours	484,100	510,800	473,476
Safety training coverage rate	%	100	100	100
Certification rate for special operations employees	%	100	100	100
OHSAS 18001/ISO5001 certification coverage	%	100	100	100
Number of occupational disease cases	cases	0	0	0
Occupational disease occurrence rate	%	0	0	0
Number of fatal work-related accidents involving employees	cases	0	1	1
Number of serious work-related accidents involving employees	cases	0	0	1
Number of employee fatalities from workplace incidents	persons	0	1	1
Number of employees seriously injured in workplace incidents	persons	0	0	1
Number of employees with minor injuries	persons	5	1	3
Injury rate per thousand employees	%	0.21	0.11	0.30
Number of fatal workplace accidents in related parties' operations	cases	2	1	1
Number of fatalities in related parties' operations	persons	2	1	1
Total workdays lost due to occupational injuries	days	380	6,100	12,361
Lost-time injury frequency rate for contractors	injuries/million hours worked	/	/	0.0298
Total recordable incident rate – employees	cases/million hours worked	/	/	0.149
Total recordable incident rate – contractors	cases/million hours worked	/	/	0.0298
Lost-time injury frequency rate	injuries/million hours worked	0.79	0.98	0.15
Workdays lost per million revenue due to occupational injuries	days/RMB million	0	0.06	0.08
Fatality ratio of labor-related injuries	%	0	0	0.005
Total external donations ²¹	RMB 10,000	363.79	348.36	185.64

²¹ The 2025 data is only compiled for Maanshan Iron & Steel Co., Ltd.

Indicator	Unit	2023	2024	2025
Total investment in rural vitalization	RMB 10,000	97.47	66.34	68.40
Scope and number of beneficiaries under rural vitalization initiatives	Person	10,863	10,800	11,000
Number of employee volunteers	Person	3,519	3,441	3,359
Total annual hours dedicated to volunteer activities	Hours	8,548	8,302	8,397
Average volunteer service hours per individual	Hours	2.43	2.41	2.50
Number of volunteer participations	Person-times	4,826	4,624	4,288
Total investment in environmental protection	RMB 100 million	33.83	36.44	34.08
Proportion of environmental protection investment to operating income	%	3.37	4.45	4.40
Number of environmental protection training sessions	Times	13	13	17
Number of participants in environmental protection training ²²	Person	10,570	11,518	671
Total hours of environmental protection training	Hour	73,716	90,800	3,352
Office electricity consumption	10,000 kWh	654.22	670	850.89
Office water consumption ²³	10,000 cubic meters	28.93	35.60	384.17
Office waste disposal volume	Ton	3,016.84	3,500	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 ²⁴	10,000 tons	3,887.00	3,685.70	3,458.16
Carbon dioxide emissions (Scope 1)	10,000 tons	3,580.19	3,411.94	3,252.54
Carbon dioxide emissions (Scope 2)	10,000 tons	307.61	273.86	205.62
Carbon dioxide emissions per ton of steel	Ton of carbon per ton of steel	1.85	1.86	1.85
Carbon dioxide emissions per ton of steel (Scope 1)	Ton of carbon per ton of steel	1.70	1.72	1.74
Carbon dioxide emissions per ton of steel (Scope 2)	Ton of carbon per ton of steel	0.15	0.14	0.11
Total sulfur dioxide emissions	Ton	4,213	4,301	3,697
Sulfur dioxide emissions per ton of steel	Kilogram	0.20	0.21	0.20
Total nitrogen oxide emissions	Ton	7,824	7,529	6,666
Nitrogen oxide emissions per ton of steel	Kilogram	0.37	0.37	0.36

²² Compared with 2024, the Company did not conduct the company-wide "Specialized Course on Corporate Environmental Ecology and Protection (Online Training)" in 2025, resulting in significantly lower participant numbers and total duration of environmental protection training.

²³ Compared to 2024, the data for 2025 includes water used for non-production purposes (such as firefighting, flushing, etc.) at various secondary units of Masteel, resulting in a significant year-on-year increase in office water consumption.

²⁴ Carbon dioxide emissions (Scope 2) are calculated in accordance with the *Greenhouse Gas Protocol* and the ISO 14064: 2006 standard. As required by the *Guidelines for Sustainable Development Reporting of Listed Companies*, these are disclosed solely in this ESG report and are not included in the carbon market compliance for the steel industry. Carbon dioxide emissions (Scope 1) are calculated based on the *standard for Enterprise Greenhouse Gas Emission Accounting and Reporting Guidelines - Steel Industry (CETS-AG-03.01V01-2024)*.

Indicator	Unit	2023	2024	2025
Total particulate matter emissions	Ton	8,712	8,176	7,118
Particulate matter emissions per ton of steel	Kilogram	0.31	0.30	0.38
Total volatile organic compound (VOCs) emissions	Ton	2,358	2,438	2,757
Volatile organic compound (VOCs) emissions per ton of steel	Kilogram	0.11	0.12	0.15
Total raw coal consumption	10,000 tons	380	392.68	361.12
Total washed clean coal consumption	10,000 tons	779	729.60	820.64
Total coke consumption	10,000 tons	317	253.08	312.67
Total diesel consumption	Ton	5,104	4,515.42	4,526.35
Total gasoline consumption ²⁵	Ton	25	18.09	7.94
Total natural gas consumption	10,000 cubic meters	7,053.80	7,242.72	7,707.36
Total electricity consumption	100 million kWh	59.91	53.78	40.50
Total steam consumption	Ton of standard coal equivalent	12,673	15,888	14,364
Total residual heat energy consumption ²⁶	Ton of standard coal equivalent	1,966,443	2,035,002	0
Amount of non-renewable energy used	MWh	/	/	87,340,261.69
Amount of renewable energy (clean energy) used	100 million kWh	4.65	5.71	7.46
Energy intensity	GJ/ton of crude steel	16.93	17.02	16.84
Comprehensive energy consumption	MWh	98,519,121.24	94,019,528.07	87,414,833.69
Comprehensive energy consumption per ton of steel	MWh/ ton of steel	4.93	4.72	4.68
Compliance rate for hazardous waste management	%	100	100	100
Amount of hazardous waste recycled/disposed	10,000 tons	7.63	6.73	5.29
Safe disposal rate of hazardous waste	%	100	100	100
Total amount of harmless waste generated (total general waste emissions)	10,000 tons	1,408.80	1,311.80	1,172.39
Harmless waste generation density (general waste emission intensity)	Kilogram/ton	856.41	804.29	627.19
Total amount of harmful waste generated (total hazardous waste generation)	10,000 tons	7.58	6.66	5.28
Harmful waste generation density (hazardous waste generation density)	Kilogram/ ton	4.61	4.08	2.82
Total solid waste generated	10,000 tons	1,408.89	1,311.79	1,177.67
Total amount of solid waste recycled	10,000 tons	1,408.83	1,311.74	1,172.24
Recycling rate of solid waste	%	99.99	99.99	99.54

²⁵ In 2025, Masteel's gasoline usage decreased, owing to its green transformation initiatives.

²⁶ In 2025, Masteel did not purchase heat energy, therefore the reported value is zero.

Indicator	Unit	2023	2024	2025
Slag utilization rate	%	/	/	100
Total volume of recyclable waste generated	10,000 tons	1,408.62	1,311.79	1,172.21
Total volume of non-recyclable waste generated	Ton	658.61	1,078.10	1,773.90
Total volume of waste treated	Ton	/	/	59,019.27
—Total volume of landfill disposal	Ton	/	/	180.16
— Total volume of waste incinerated without energy recovery	Ton	/	/	26,209.54
— Total volume of waste treated by other methods	Ton	/	/	32,629.57
Total water withdrawal	10,000 tons	15,545	11,775.50	7,713.18
Total water withdrawal per million revenue	Ton/RMB million	1,517	1,502	995
Total wastewater discharge (total wastewater emissions)	10,000 tons	1,135	1,067	1,231
Total wastewater discharge per million revenue (total wastewater emissions density)	Ton/RMB million	/	/	159
Total annual freshwater withdrawal (freshwater withdrawal)	10,000 tons	/	/	7,713.18
Freshwater withdrawal per ton of steel (freshwater withdrawal density)	Cubic meters/ton of steel	/	/	4.13
Total annual freshwater consumption (fresh water consumption) ²⁷	10,000 tons	3,987.90	3,702.58	6,482.50
Freshwater consumption per ton of steel (freshwater consumption density)	Cubic meters/ton of steel	1.90	1.87	3.47
Total water consumption saved ²⁸	10,000 tons	160.50	59.49	137.14
Total amount of industrial water recycled (circulating water consumption)	10,000 cubic meters	238,318.27	224,068.42	394,624.43
Industrial water recycling rate	%	98.23	98.23	98.05
Consumption of alternative water sources	10,000 tons	/	/	1,754.84
Proportion of alternative water sources in total water withdrawal	%	/	/	22.75
Total chemical oxygen demand (COD) emissions	Ton	148	156	182
COD emissions per ton of steel	Gram	7	7	9.7
Chemical oxygen demand (COD) concentration	Milligrams per liter	/	/	13.97
Total ammonia nitrogen emissions	Ton	11	10.24	9.44
Ammonia nitrogen emissions per ton of steel	Gram	0.50	0.50	0.51

²⁷ Compared to 2024, the Company redefined the statistical scope for annual freshwater consumption in 2025, requiring the inclusion of whole-process freshwater consumption. This now incorporates production water used by all auxiliary production units that support steel manufacturing. Consequently, both the total annual freshwater consumption and its intensity (freshwater consumption density) showed a significant year-on-year increase.

²⁸ Compared to 2024, the Company implemented multiple water conservation and emission reduction projects in 2025, including leak detection and repair in the water supply network of the northern area, remediation of leaks in the emergency drainage pipeline at the eastern gate of the coking plant in the southern area, and centralized control of the water treatment system in the Special Steel Business Division, leading to a substantial increase in total water savings.

Indicator	Unit	2023	2024	2025
The utilization rate of materials returned to production	%	/	/	29.36
Total packaging material consumption	10,000 tons	6.12	4.09	3.97
Packaging material consumption density	Kilogram/ton	2.97	6.27	2.12
Environmental management system	%	100	100	100
Environmental management system (ISO 14001) certification coverage rate	%	100	100	100

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	Double Materiality Assessment	G1.1.9			3-1 to 3-3

Primary Section	Secondary Section	China Sustainability Reporting Guidelines for Enterprises (CASS-ESG 6.0)	HKEX ESG Reporting Code	SSE	GRI Standards
Strengthening the Governance Foundation and Driving Development	Optimizing Governance Structure and Enhancing Decision-Making Effectiveness	G2.1.1-2.1.3, G2.1.8, G2.2.1 2.2.3, S3.4.1-3.4.4	/	Anti-commercial bribery and anti-corruption, anti-unfair competition	2-9 to 2-13, 2-16 to 2-21, 2-27, 405-1
	Upholding Business Ethics and Maintaining a Strong Compliance Baseline	G2.1.1-G2.1.8 G2.2.1-G2.2.3	B7	Anti-commercial bribery and anti-corruption, anti-unfair competition	2-15, 205-1 to 205-3, 206-1
Strengthening the Governance Foundation and Driving Development	Establishing Oversight Mechanisms and Strengthening Risk Management Systems	/	/	Environmental compliance management, anti-commercial bribery and anti-corruption	2-27
	Maintaining Safety Red Lines and Strengthening Data Governance	S3.4.1-S3.4.4	B6.5	Data security and customer privacy protection	418-1
Navigating the Green Course and Shaping an Ecological Future	Addressing Climate Change and Advancing Low-Carbon Transition	E1.1.1-1.1.9, E1.1.11-1.1.19	Part D: Climate-related Disclosures	Addressing climate change, environmental compliance management	201-2; 305-1 to 305-4
	Improving Energy Efficiency and Carbon Reduction, and Advancing Circular Resource Use	E3.1.1-3.1.5, E3.2.1-3.2.4, E3.3.1-3.3.3,	A2.1-2.5	Energy use, environmental compliance management, water resource utilization, circular economy	302-1 to 302-4; 303-1 to 303-5
	Strengthening Environmental Protection and Promoting Harmonious Coexistence	E2.1.1, E2.1.4, E2.1.8, E2.3.2-2.3.3 E2.4.1-2.4.4	A3.1	Ecosystem and biodiversity protection, environmental compliance management	101-1,101-2
	Systematically Preventing and Controlling Pollution and Safeguarding a Clean Environment	E2.1.3, E2.1.5-2.1.8, E2.2.1-2.2.7, E3.3.4-3.3.5	A1.1, A1.3-1.6	Pollutant emissions, waste management, environmental compliance management	306-1 to 306-5
Driving Innovation and Building Benchmark Quality	Advancing Quality Management and Delivering Excellent Products	S3.3.1-3.3.3	B6.1, B6.4	Product and service safety and quality	416-1, 416-2
	Tackling Core Technologies and Driving Forward-Looking R&D	S2.1.1-S2.1.13	B6.3	Innovation-driven development, technology ethics	
	Listening to Customers and Safeguarding Service Quality	S3.3.4-3.3.6	B6.2	Product and service safety and quality, data security and customer privacy protection	418-1, 2-29

Primary Section	Secondary Section	China Sustainability Reporting Guidelines for Enterprises (CASS-ESG 6.0)	HKEX ESG Reporting Code	SSE	GRI Standards
Driving Innovation and Building Benchmark Quality	Working with Responsible Partners to Build a Resilient Supply Chain	S3.1.1-S3.1.4 S3.2.1-S3.2.2	B5	Supply chain security, equal treatment of SMEs, due diligence	2-6, 308-1, 308-2, 414-1, 414-2
Bringing Together Talent and Demonstrating Responsibility	Strengthening the Benefits System and Protecting Employee Rights and Interests	S4.1.1-4.1.12	B1, B4	Employees, stakeholder communication	2-7, 2-8, 2-19, 2-20, 2-21, 2-30, 401-1, 401-2, 401-3, 405-1
	Building Growth Pathways and Empowering Career Development	S4.3.1-4.3.6	B3	Employees	404-1 to 404-3
	Strengthening the Safety Foundation and Protecting Physical and Mental Health	S4.2.1-4.2.6	B2	Employees, product and service safety and quality, environmental compliance management	403-1 to 403-10
	Giving Back to Society and Building Harmonious Communities Together	S1.1.1-S1.1.5 S1.2.1-S1.2.6	B8	Rural revitalization, social contribution	413-1
Future Prospects		A1			
Appendix	Key Performance Indicators	E1.1.13-1.1.14, E2.1.2, E2.1.5, E2.2.1-2.2.4, E3.1.1, E3.1.3-3.1.4, E3.2.1-3.2.2, E3.3.5, S1.2.2-1.2.4, S2.1.4-2.2.11, S4.1.1, S4.1.3-4.1.4, S4.1.7, S4.1.9, S4.2.5-4.2.6, S4.3.4-4.3.6, G2.1.5-2.1.7, A2	A1.3-1.4, A2.1-2, 2, A2.5, B1.1-1.2, B2.1-2.2, B3.1-3.2, B5.1-5.2, B6.1-6.2, B7.1, B7.3, B8.2		
	Indicator Index	A3			
	Rating Report	A5			2-5
	Feedback Form	A6			

Rating Report

Rating Report on the 2025 Environmental, Social and Governance (ESG) Report of Maanshan Iron & Steel Co., Ltd.

As commissioned by Maanshan Iron & Steel Co., Ltd. for the fifth consecutive year, the Chinese Expert Committee on CSR Report Rating selected experts to form a rating panel, which conducted a rating assessment on the 2025 Environmental, Social and Governance (ESG) Report of Maanshan Iron & Steel Co., Ltd. (hereinafter referred to as "the Report").

I. Rating Basis

1. Sustainability Disclosure Standards for Business Enterprises—Basic Standard (Trial);
2. Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial);
3. Guidelines for China Corporate Sustainability Reports (CASS-ESG 6.0): Non-Ferrous Metal Smelting and Rolling Processing Industry;
4. China Corporate Sustainability Report Rating Standards (2026).

II. Rating Analysis

Process (★★★★★)

The Board of Directors and its subordinate Strategy and Sustainable Development Committee provide overall leadership for ESG affairs; the ESG Leading Group and Working Group oversee implementation; and the ESG Office, in conjunction with all functional departments, business units, and subsidiaries, carries out specific operations, forming a sound ESG governance structure. Preliminary research was conducted for report compilation, and the ESG indicator system was established and continuously improved to enhance ESG management capabilities. Prior to the launch of report compilation, a special meeting was held to explain and provide training on compilation requirements. The Company formulated the *Social Responsibility Plan (2023-2025)* and relevant ESG rules and regulations, providing a systematic institutional basis for ESG management and information disclosure. The Report is scheduled to be released in electronic, printed, Chinese and English versions, demonstrating outstanding performance in process.

Materiality (★★★★★)

The Report systematically discloses critical topics in the non-ferrous metal smelting and rolling processing industry, including climate change response, pollutant discharge, waste treatment, energy and resource conservation, R&D of eco-friendly products and technologies, biodiversity conservation, sustainable supply chain, safety and quality of products and services, occupational health and work safety, sustainable governance mechanisms, and anti-commercial bribery and anti-corruption, with detailed and comprehensive descriptions. Among them, climate change response, energy and resource conservation, and sustainable governance mechanisms account for the most extensive coverage, with 9 pages, 8 pages, and 8 pages, respectively, reflecting outstanding materiality performance.

Completeness (★★★★☆)

The main content of the Report, structured under themes including "Consolidate Governance Foundation · Boost Development Engine", "Follow Green Path · Draw Ecological Blueprint", "Strengthen Innovation Leadership · Set High-Quality Benchmark", and "Gather Talent Strength · Demonstrate Responsible Commitment", systematically discloses 86.59% of the core indicators for the non-ferrous metal smelting and rolling processing industry. The core indicator coverage reaches 100% for the following topics: environmental compliance management, energy utilization, and water resources utilization under the environmental dimension; innovation-driven development, safety and quality of products and services, and career development and training under the social dimension; and stakeholder communication and anti-unfair competition under the governance dimension, showing leading performance in completeness.

Balance (★★★★★)

The Report discloses negative data including the number of occupational disease cases, incidence rate of occupational diseases, number of employee work-related fatal accidents, number of employee serious work-related injury accidents, number of employee work-related fatalities, number of workdays lost due to work-related injuries, lost-time injury frequency rate, and number of workdays lost due to work-related injuries per RMB 1 million of revenue, demonstrating outstanding balance performance.

Comparability (★★★★★)

The Report elaborately discloses three consecutive years of comparative data for 215 key indicators, such as R&D investment, proportion of R&D investment in operating

revenue, total environmental protection investment, carbon dioxide emissions, employee training participation rate, and special ESG training hours. The most sufficient three-year comparable data are disclosed for energy utilization (environmental dimension, 13 groups), employee rights and interests protection (social dimension, 68 groups), and anti-commercial bribery and anti-corruption (governance dimension, 9 groups). Horizontal comparisons are made through achievements such as being selected in the "China ESG Listed Companies Yangtze River Delta Pioneer 50 (2025)", presenting outstanding comparability performance.

Readability (★★★★★)

The Report adopts a topic-based framework, focusing on corporate governance, green and low-carbon development, technological innovation, employee development, and social responsibility to systematically elaborate responsible practices and performance, and fully respond to stakeholders' concerns. Cross-page chapters feature real-scene photography as the background with illustration-style embellishments, presenting core contents concisely and enhancing the report's reading appeal. Multiple "Highlight Performance" sections are included, with visual charts displaying key information to improve legibility. With a simple and fresh overall style and flexible and diverse expressive elements, the Report delivers outstanding readability performance.

Innovation (★★★★★)

The Report includes a special section on "Contributions to the UN Sustainable Development Goals (SDGs)", systematically showcasing the Company's practices and achievements in various SDGs and highlighting its corporate responsibility commitment. The Company actively promotes its subsidiaries to independently compile and release ESG reports, building a multi-level report communication matrix. It actively responds to international standards and regulatory requirements, and discloses topics such as climate change response by referring to the four-pillar framework of "Governance, Strategy, Risk Management, and Metrics and Targets", enhancing the standardization of information disclosure. It defines the ESG philosophy of "MS · MS" and deeply integrates it into the Company's development strategy, achieving outstanding performance in innovation.

III. Comprehensive Rating (★★★★★)

Upon evaluation by the rating panel, the 2025 Environmental, Social and Governance (ESG) Report of Maanshan Iron & Steel Co., Ltd. has been rated Five-Star, representing an outstanding corporate sustainability report.



IV. Recommendations for Improvement

1. More industry core indicators should be disclosed to further improve the completeness of the Report.

V. Rating Medal

Maanshan Iron & Steel Co., Ltd. has participated in the report rating for five consecutive years and has been awarded the Silver Medal.



Leader of the Rating Team



Expert of the Rating Team



Scan the QR code to view the rating file

Issued on March 23, 2026

Feedback

Dear readers,

Thank you very much for reading the 2025 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:

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Your information

Name: _____ Workplace: _____

Tel: _____ 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:

Very good Relatively good General Relatively bad Very bad

2. Please evaluate the response and disclosure of the Report to stakeholders' concerns:

Very good Relatively good General Relatively bad Very bad

3. Please evaluate the clarity, accuracy and completeness of the information, indicators and data disclosure in this Report:

Very good Relatively good General Relatively bad Very bad

4. Please evaluate the readability of this Report:

Very good Relatively good General Relatively bad Very bad

5. Please make a comprehensive evaluation of the 2025 ESG Report of Maanshan Iron and Steel Co., Ltd.:

Very good Relatively good General Relatively bad Very bad

Open questions

1. What suggestions do you have for Masteel's ESG work in 2025?

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?



You can scan the QR code to provide us with your feedback quickly.

