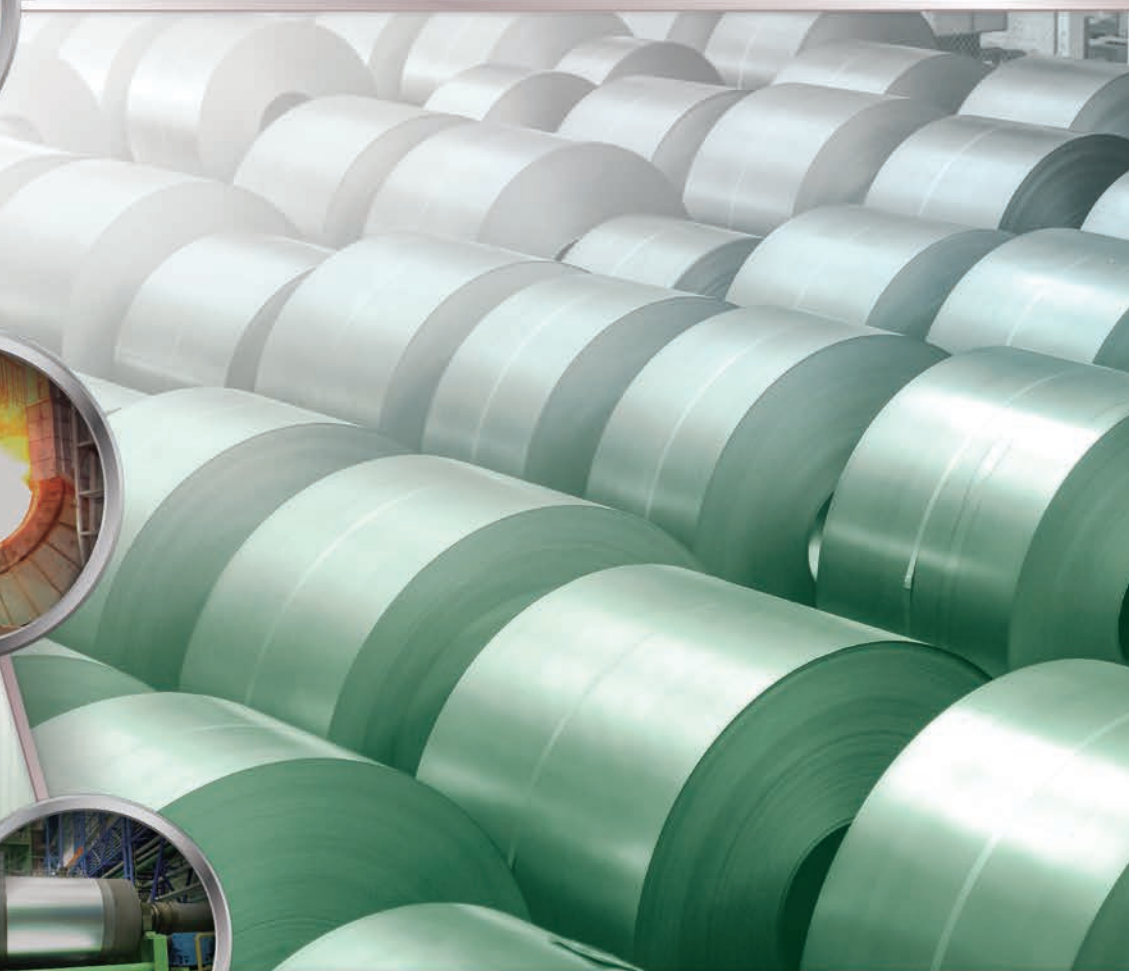




鞍 鋼 股 份 有 限 公 司
ANGANG STEEL COMPANY LIMITED*

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 00347



2019

Environmental, Social and Governance Report

* For identification purposes only

Preface

REPORTING CYCLE

The information covered by the Report is for the period from 1 January 2019 to 31 December 2019.

SCOPE OF THE REPORT

Angang Steel Company Limited* (鞍鋼股份有限公司) (the “Company” or “Angang Steel”) is the reporting entity for the preparation of the 2019 Corporate Social Responsibility Report of Angang Steel Company Limited* (鞍鋼股份有限公司) (i.e. the Environmental, Social and Governance Report, hereinafter referred to as the “Report”), which discloses the performance of the Company in respect of social responsibilities such as integrity management, employee rights, environmental protection and green development and social welfare in 2019 in an objective, true and systematic manner and acts as a platform for communication with all stakeholders, and under the supervision and inspection of the government departments and regulatory authorities while paying attention to the comments on the Company from the public and the media.

RELEASE CYCLE

This report is a yearly report.

MAJOR REFERENCE STANDARDS FOR THE REPORT

Environmental, Social and Governance Reporting Guide (Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”))

Guidelines of the Shenzhen Stock Exchange for Standardized Operation of Companies Listed on the Main Board (revised in 2020)

Memorandum for Business Subject to Information Disclosure on the Main Board No.1 – Matters Pertaining to Regular Reporting (third revision in January 2019)

Guidance on Social Responsibility (GB/T36000–2015)

Preface (Continued)

ASSURANCE OF THE REPORT

Unless otherwise specified, this Report describes the business performance of Angang Steel (including the Company and its subsidiaries). The amounts are denominated in Renminbi (RMB) in this Report.

PUBLICATION OF THE REPORT

This Report is released to the public in an online version which is available at the websites of CNINFO at <http://www.cninfo.com.cn> and Hong Kong Stock Exchange at <http://www.hkexnews.hk>.



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Chapter I Company Overview

Angang Steel, established on 8 May 1997 by Anshan Iron & Steel Group Co. Ltd. (“Angang Holding”) as its sole promoter, is listed on Hong Kong Stock Exchange and the Shenzhen Stock Exchange respectively. The registered capital of the Company amounts to RMB9,405 million. Its legal representative is Mr. Wang Yidong. The Company is a large domestic enterprise of steel production and sales, mainly engaging in ferrous metal smelting and steel rolling processing, and sales and services of related products.

The Company mainly produces 18 major types of steel, including steel for railway, heavy section steel, small and medium section steel, steel bar, rebar, wire rods, extra thick plates, thick steel plates, medium plates, hot-rolled sheets, cold-rolled sheets, medium-thick and wide steel band, hot-rolled thin and wide steel band, cold-rolled thin and wide steel band, galvanized steel sheets and band, coating plates and band, electrical steel plate and band and seamless pipes with steel products divided into over 700 product categories, more than 2,000 steel grade numbers and over 60,000 specifications. These products are widely used in industries such as machinery, metallurgy, petroleum, chemical, coal, electricity, rail, ship, automobile, construction, home appliances, aviation, national defense, etc. A total of over 100 products are honored with the title of products famous for high quality at provincial level or above, of which, railway steel rail, steel plate for hull structure and container plate are rated as China’s Top Brand products.

The Company has obtained certifications for the GB/T19001 Quality Management System, GJB9001C Quality Management System, GB/T24001 Environmental Management System, GB/T28001 Occupational Health and Safety Management System and GB/T23331 Energy Management System. Its steel for shipbuilding was certified by the classification societies in 9 countries. Its steel for automobile was certified for IATF16949, European CE certification and Japanese JIS certification. The quality inspection and measurement center, the department responsible for raw material and product test of the Company, has been accredited by China National Accreditation Service for Conformity Assessment (CNAS), is equipped with a number of internationally advanced detection facilities and therefore is able to carry out physical property tests and element content analysis and inspection according to such domestic and international standards as ISO, ASTM, JIS, BS, DIN, NF, API and GB.

As at 31 December 2019, there were 33,750 employees in the Company. In 2019, the Company produced 25,858,100 tons, 27,144,000 tons and 25,420,300 tons of iron, steel and steel products respectively.

Chapter I Company Overview (Continued)

In 2019, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Angang Steel thoroughly studied and implemented the spirit of the 19th National Congress, the 2nd, 3rd and 4th Plenary Sessions of the 19th Central Committee and the important directives of General Secretary Xi Jinping to strengthen the construction of the Party, firmly grasped the three key elements of “reform, efficiency and quality”, and united and led the majority of cadres and workers to overcome difficulties and work hard and made new achievements in various tasks. Angang Steel was listed in the “Top 100 Listed Companies in China in 2019”, ranking 68th.

The Company formulated a development strategy for 3 to 5 years and the plan for the second phase of Bayuquan to plan the long-term development of the enterprise and accelerate the pace of industrial upgrading. The Company also implemented the comprehensive reform implementation plan and steadily advanced the comprehensive reform. The Company adhered to the benchmarking as the guide and focused on the “three phenomena, two foundations and one goal”, and clearly adopted the measures to win, significantly improving the Company’s operating efficiency. The Company also improved the “1 + 4 + N” marketing model, strengthened “industry + regional” marketing, and built core competitiveness. In addition, the Company improved the risk prevention and control system, formulated a work plan to prevent and mitigate major risks, and realized enterprise management upgrade.

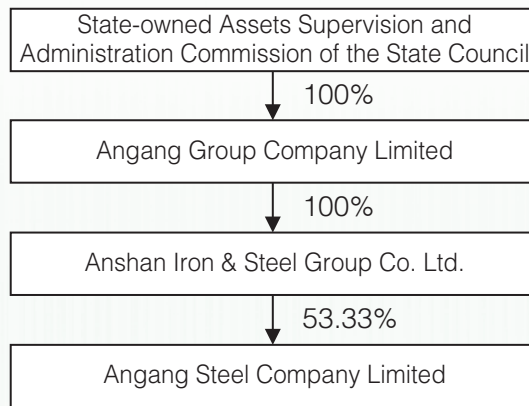
The year 2019 was the decisive year for both the national and regional poverty alleviation. Angang Steel seriously implemented the requirements from the Central Committee of the Party and the State Council on targeted poverty alleviation, fulfilled the political and social responsibility as a central enterprise, and fully completed all the indicators of the Company’s “Responsibility Letter for Targeted Poverty Alleviation by State-owned Enterprise” in 2019. In addition, the Company performed the duty in fulfilling the social responsibility, complied strictly with social responsibility standards, and energetically safeguarded interests and rights of the shareholders, creditors, employees, suppliers and customers. In this term, the Company has faithfully fulfilled its corporate social responsibility in the aspects of environmental protection, sustainable development, public relations, social and public welfare establishments, targeted poverty alleviation, etc., so as to give back to the society with all initiatives.

Chapter II Protection of Shareholders' Rights

I. CORPORATE GOVERNANCE

The controlling shareholder of the Company is Angang Holding. Angang Holding is an enterprise solely funded by the state. Its legal representative is Mr. Wang Yidong.

The following chart sets out the relationship between the Company and its de facto controller.



In strict compliance with the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Securities on Hong Kong Stock Exchange (the "Listing Rules") and the Rules Governing the Listing of Shares on the Shenzhen Stock Exchange and the relevant requirements of the CSRC as well as the relevant laws and regulations, the Company has formulated the Articles of Association of the Company, the Rules of Procedure for General Meetings, the Rules of Procedure for the Board of Directors, the Rules of Procedure for the Supervisory Committee, the Working System for Independent Directors and other rules and regulations, which have specified the duties and authorities, procedures and obligations of general meetings, the Board of Directors, the Supervisory Committee and the management in respect of decision-making, supervision, execution, etc., thereby forming a governance mechanism of reasonable division of labour, clear authorities and responsibilities and mutual balance among the authority body, the decision-making body, the supervisory body and the operation.

Chapter II Protection of Shareholders' Rights (Continued)

I. CORPORATE GOVERNANCE (CONTINUED)

1. The Board of Directors and its Special Committees

(1) Composition of the Board of Directors

As at the end of 2019, the Board of Directors of the Company comprised seven members, including three executive Directors (including one Chairman) and four independent non-executive Directors. The number of the independent non-executive Directors of the Company account for more than one third of the members of the Board of Directors.

The Board of Directors of the Company has established four special committees, which are all comprised of Directors. In particular, the majority of the members of the Audit Committee, Nomination Committee, Remuneration and Appraisal Committee are independent non-executive Directors who are also the conveners. There is at least one independent non-executive Director in the Audit Committee who possesses professional qualifications in accounting. Each of the special committees is accountable to the Board of Directors and submits proposals to the Board of Directors for consideration and approval.

In 2019, the Board of Directors of the Company held 20 board meetings and reviewed and approved 50 proposals in total.

Chapter II Protection of Shareholders' Rights (Continued)

I. CORPORATE GOVERNANCE (CONTINUED)

1. The Board of Directors and its Special Committees (Continued)

(2) Duties and operations of the Board of Directors

The Board of Directors is accountable to the general meetings and exercises the following functions and powers: i. To be responsible for convening general meetings and to report on its work to the general meeting; ii. To implement resolutions of the general meetings; iii. To decide on the Company's business plans and investment proposals; iv. To formulate the Company's annual financial budget and final accounts; v. To formulate the Company's profit distribution plans and plans for making up losses; vi. To formulate proposals for the increase or reduction of the registered capital of the Company, proposals for the issuance of debentures or other securities of the Company and proposals for the listing of the Company; vii. To draft proposals for major acquisitions or the purchase of the Company's shares, or proposals for the merger, division, dissolution or change of the form of the Company; viii. Within the terms of reference prescribed by the laws, rules and regulations, and the listing rules of the places where the Company is listed and the scope of authorization of the general meeting, to determine matters relating to the foreign investment, acquisition and sale of assets, mortgage of assets, matters of foreign guarantees, entrustment for financial management and connected transactions of the Company and such other matters; ix. To decide on the establishment of the Company's internal management organization; x. To appoint or remove the manager and secretary of the Board of Directors of the Company, and to appoint or remove senior management such as the deputy managers and person-in-charge of financial affairs of the Company based on the recommendations of the manager, and to decide on their remunerations, rewards and punishments; xi. To formulate the Company's basic management system; xii. To formulate proposals for any amendment of the Articles of Association of the Company; xiii. To administer matters relating to the disclosure of information of the Company; xiv. To propose to the general meeting the appointment or removal of an accounting firm as the auditor of the Company; xv. To listen to the manager of the Company reporting his work and inspect his work; xvi. Other functions and powers conferred by laws, administrative regulations, departmental rules or the Articles of Association of the Company.

Chapter II Protection of Shareholders' Rights (Continued)

I. CORPORATE GOVERNANCE (CONTINUED)

1. The Board and its Special Committees (Continued)

(2) Duties and operations of the Board of Directors (Continued)

Except the Board resolutions in respect of the matters specified in paragraphs vi, vii and xii above, which shall be passed by two-thirds or more of the Directors, Board resolutions in respect of all other matters may be passed by more than one half of the Directors.

The Board of Directors of the Company is responsible for the preparation of the financial statements for each financial period, which give a true and fair view of the state of business condition, results and cash flows of the Company during the relevant period.

(3) Remuneration and Appraisal Committee

In 2019, the Remuneration and Appraisal Committee of the Company held one meeting which mainly assessed the performance of the Directors and senior management of the Company during 2018 and reviewed their remunerations for 2018, and submitted the same to the Board of Directors for consideration.

Main Duties of the Remuneration and Appraisal Committee are:

- (a) to make recommendation to the Board of Directors on the Company's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to review and approve the management's remuneration proposals with reference to the corporate goals and objectives of the Board of Directors;
- (c) to determine, with delegated responsibility, the specific remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make consultation with and recommendations to the Chairman and/or Chief Executive Officer on the remuneration of other executive Directors;
- (d) to make recommendations to the Board of Directors on the remuneration of non-executive Directors;

Chapter II Protection of Shareholders' Rights (Continued)

I. CORPORATE GOVERNANCE (CONTINUED)

1. The Board of Directors and its Special Committees (Continued)

(3) Remuneration and Appraisal Committee (Continued)

- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company;
- (f) to review and approve the compensation payable to executive Directors and senior management for any loss or termination of their office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with relevant contractual terms and are otherwise reasonable and appropriate; and
- (h) to ensure that no Director or any of his associates is involved in deciding his own remuneration.

(4) Nomination Committee

In 2019, the Nomination Committee of the Company held two meetings to nominate the executive Directors, independent non-executive Directors, deputy general manager and other personnel of the Company in accordance with the qualification requirements and relevant requirements of regulations and the Articles of Association of the Company.

Main duties of the Nomination Committee are:

- (a) to review the structure, size, composition of the Board of Directors (including skills, knowledge and experience) at least annually and make recommendations with respect to the changes to be made to the Board of Directors in order to coordinate with the Company's corporate strategy;
- (b) to identify individuals appropriately qualified to serve as Directors and to select or make recommendation to the Board of Directors on the selection of individuals nominated for directorship;

Chapter II Protection of Shareholders' Rights (Continued)

I. CORPORATE GOVERNANCE (CONTINUED)

1. The Board of Directors and its Special Committees (Continued)

(4) Nomination Committee (Continued)

- (c) to assess the independence of independent non-executive Director; and
- (d) to make recommendations to the Board of Directors on the appointment or re-appointment of Directors and succession plan for Directors, in particular, the Chairman and the General Manager.

(5) Audit Committee

In 2019, the Audit Committee of the Company held a total of four meetings. During the meetings, the Audit Committee mainly reviewed the quarterly, interim and annual financial statements of the Company and financial information set out in the quarterly, interim and annual reports of the Company, reviewed the internal control system and changes in accounting policies and nominated auditor of the Company for 2019, etc..

Main duties of the Audit Committee are:

- (a) to be primarily responsible for making recommendations to the Board of Directors on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

Chapter II Protection of Shareholders' Rights (Continued)

I. CORPORATE GOVERNANCE (CONTINUED)

1. The Board of Directors and its Special Committees (Continued)

(5) Audit Committee (Continued)

- (c) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board of Directors, identifying and making recommendations on any matters where action or improvement is needed;
- (d) to monitor the integrity of the Company's financial statements and annual report and accounts, interim report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board of Directors, the committee should focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting.

Chapter II Protection of Shareholders' Rights (Continued)

I. CORPORATE GOVERNANCE (CONTINUED)

1. The Board of Directors and its Special Committees (Continued)

(5) Audit Committee (Continued)

- (e) Regarding (d) above:
 - (i) members of the committee should liaise with the Board of Directors and senior management and the committee must meet, at least twice a year, with the Company's auditors; and
 - (ii) the committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's employees responsible for the accounting and financial reporting function, compliance officer or auditors;
- (f) at least annually review the Company's financial control, internal control and risk management system, and review the Company's risk management and internal control system (unless there is a separate risk committee under the Board of Directors or the Board of Directors itself will deal explicitly);
- (g) to discuss the risk management and internal control system with management to ensure that management has performed its duty to have an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (h) to consider major investigation findings on risk management and internal control matters as delegated by the Board of Directors or on its own initiative and management's response to these findings;

Chapter II Protection of Shareholders' Rights (Continued)

I. CORPORATE GOVERNANCE (CONTINUED)

1. The Board of Directors and its Special Committees (Continued)

(5) Audit Committee (Continued)

- (i) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (j) to review the Company's financial and accounting policies and practices;
- (k) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- (l) to ensure that the Board of Directors will provide a timely response to the issues raised in the external auditor's management letter;
- (m) to report to the Board of Directors on the matters in respect of the terms of reference;
- (n) to consider other topics as defined by the Board of Directors;
- (o) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and
- (p) to act as the key representative body for overseeing the Company's relations with the external auditor.

Chapter II Protection of Shareholders' Rights (Continued)

I. CORPORATE GOVERNANCE (CONTINUED)

2. Chairman and General Manager

The positions of Chairman and General Manager of the Company are assumed by different persons with definite division of duties.

Duties of the Chairman: i. to preside over the general meetings and to convene and preside over the board meetings; ii. to supervise and check the implementation of resolutions of the Board of Directors; iii. to sign the securities issued by the Company; and iv. to exercise other powers conferred by the Board of Directors.

Duties of the General Manager:

The General Manager of the Company reports to the Board of Directors and exercises the following powers: i to take charge of the Company's production, operation and management and to organize and implement the resolutions of the Board of Directors and report to the Board of Directors; ii. to organize and implement the Company's annual business plan and investment plan; iii. to make proposals in relation to the Company's internal organizational structure; iv. to make proposals in relation to the Company's basic management system; v. to prepare the basic rules and regulations of the Company; vi. to make proposals in relation to the appointment or dismissal of the deputy general manager or other senior management personnel of the Company (including the financial controller); vii. to appoint or dismiss the management personnel other than those required to be appointed or dismissed by the Board of Directors; and viii. other powers as conferred under the Articles of Association of the Company or granted by the Board of Directors.

3. Supervisory Committee

The Supervisory Committee comprises three members including two shareholder representatives and one employee representative. The members of Supervisory Committee perform their duties and responsibilities in supervision under the Company Law, the Articles of Association of the Company and the authorization from the general meetings.

Chapter II Protection of Shareholders' Rights (Continued)

I. CORPORATE GOVERNANCE (CONTINUED)

3. Supervisory Committee (Continued)

Main duties of the Supervisory Committee are:

The supervisory committee is accountable to the shareholders in general meetings and exercises the following functions and powers according to law: i. to examine the Company's financial affairs; ii. to supervise the Company's Directors, manager and other senior officers on their acts in violation of any laws, administrative regulations or the Articles in performing their duties of the Company; iii. if an act of the Company's Directors, general manager and other senior officers is harmful to the Company's interest, to require them to correct such act; iv. to verify the accounting reports, business operation reports, profit distribution plans and such other financial information to be tabled at the general meeting by the Board of Directors and, if in doubt, any certified public accountant or practicing auditor may be appointed in the name of the Company to assist in a second review; v. to propose to convene an extraordinary general meetings and meetings of the Board of Directors; vi. to represent the Company in negotiations with Directors or in initiating legal proceedings against a Director; vii. to review the regular reports of the Company prepared by the Board of Directors, and to provide written comments in respect thereof; viii. to conduct an investigation if an unusual practice in the operation of the Company is found; to retain professional bodies such as accounting firms or law firms to assist its work at the expenses of the Company where necessary; ix. other functions and powers specified in the Articles of Association of the Company and the general meetings.

In 2019, the Company held a total of five supervisory committee meetings, and 10 resolutions including changes in accounting policies were approved, which promoted the standardization of the Company's decision-making supervision.

II. GENERAL MEETINGS

In order to protect the rights of its shareholders, the Company convenes general meetings at appropriate time and venue according to the relevant requirements and notifies its shareholders in a timely manner. The general meetings are convened by adopting way of poll combining on-site voting and online voting to ensure that the shareholders can exercise their rights.

In 2019, the Company convened one general meeting at which 14 resolutions were considered and approved including the "Profit Distribution Plan of the Company for 2018" and the "Amendments to Articles of Associations of the Company" to ensure that shareholders exercise their rights in accordance with the law and effectively promote the company's standardized operations.

Chapter II Protection of Shareholders' Rights (Continued)

III. INFORMATION DISCLOSURE

The Company performs the obligations regarding information disclosure in strict compliance with the relevant laws and regulations as well as the relevant requirements of the Shenzhen Stock Exchange and Hong Kong Stock Exchange. The Company actively complied with the stricter requirements of information disclosure supervision, continuously optimized the business process of information disclosure, and effectively guaranteed the quality of information disclosure. The Company makes truthful and detailed disclosure of the important matters such its business performance, profit distribution and related transactions to the investors via China Securities Journal, the Securities Times, the CNINFO website and the website of Hong Kong Stock Exchange in order to make investors know company information in a timely manner and safeguard the legitimate rights and interests of investors. In 2019, the Company published 4 regular reports and 90 announcements to the public.

IV. PROFIT DISTRIBUTION

The Company understands the great importance of investment returns to the investors and has formulated a long-term profit distribution policy in view of stability. In 2012, pursuant to the Notice regarding Further Implementation of Cash Dividends Distribution of Listed Companies 《關於進一步落實上市公司現金分紅有關事項的通知》 issued by the CSRC, the Company made amendments to the Articles of Association of the Company, which defined the basic principle of the profit distribution, the specific details of the profit distribution policy and the consideration and approval procedures for the profit distribution plan, and specified in the Articles of Association of the Company that “the profit distribution by way of cash shall be no less than 10% of the distributable profit recorded by the parent company for the year”.

On 28 May 2019, the profit distribution plan for 2018 was considered and approved at the 2018 annual general meeting of the Company. In 2018, the earnings per share amounted to RMB1.099 and the Company distributed cash dividend of RMB0.22 per share. At the same time, the Company issued shares to all shareholders by way of capitalisation of capital reserve, on the basis of three (3) capitalisation shares for every ten (10) existing shares. Cash dividends accounted for approximately 20% of the annual net profit attributable to shareholders of the Company. On 28 June 2019, the Company implemented 2018 equity distribution to all shareholders, distributing the cash dividends with an aggregate amount of RMB1,592 million and transfer of reserve to share capital of 2,170 million shares.

Chapter II Protection of Shareholders' Rights (Continued)

V. COMMUNICATION WITH INVESTORS

The relationship management with investors was strengthened. The contact with investors was deepened through holding Hong Kong results conferences, participating in strategic meetings organized by securities firms and receiving investor visits. In 2019, the Company organized 14 activities in connection with investor relations and conducted face-to-face communications with 121 investors from 95 institutions. Investors interacted with each other on issues such as the industry prospects, production and operation conditions, and passed on the Company's value information. In addition, the Company also communicated with the investors by responding to enquires from the investors on the interactive platform and answering telephone enquiries from the investors through a hotline, thereby ensuring an unimpeded communication channel between the Company and the investors. In strict compliance with the Guidelines for Fair Information Disclosure of Listed Companies, the issues communicated were based on the announced information of the Company.

Chapter III Protection of Employees' Rights

I. OVERVIEW ON EMPLOYEES

As at 31 December 2019, the Company had 33,750 on-the-job employees, among whom 4,011 were employed by major subsidiaries, 1,674 were administration staffs, 2,831 were technicians, 256 were financial staffs, 310 were sales staffs, 24,420 were production personnel. The Company had 3,051 female employees, accounting for 9.04% of the total employees.

As at 31 December 2019, the Company had 32,064 employees with an education level higher than technical secondary school, accounting for 95% of the total employees, among whom 9,375 employees had a bachelor's degree or above, accounting for 27.78% of the total employees; 9,303 were college graduates, accounting for 27.56% of the total employees; 13,386 employees graduated from technical secondary schools, accounting for 39.66% of the total employees. The Company had 1,048 employees with middle or senior technical titles, accounting for 3.11% of the total employees, and 11,907 employees with high technical ability (senior personnel and above), accounting for 35.28% of the total employees.

In 2019, the Company recruited 43 fresh graduates from colleges or above, accounting for 0.14% of the on-the-job employees as at the beginning of 2019, and terminated employment contracts for 111 employees, accounting for 0.37% of the on-the-job employees as at the beginning of 2019.

Chapter III Protection of Employees' Rights (Continued)

II. PROTECTION OF EMPLOYEES' RIGHTS

The Company safeguards the relevant interests and rights of employees in accordance with laws and has formulated the Management Measures on Labour Contracts pursuant to the Labour Law, the Labour Contract Law, the Implementation Regulations of Labour Contract Law and other laws and regulations, and has entered into labour contracts with all the employees with labour relations, which specify the rights and obligations of both the Company and the employees, and has strictly enforced such rules. In compliance with the relevant national laws and regulations, the Company protects the legitimate rights of its employees and prohibits the use of child labour and forced labour. The Company always adheres to the principle of making reward according to work and implements an equal pay for equal work policy with equal employment opportunities. There is no discrimination policy towards gender, age, illness, race and religion. The Company has prepared and issued the relevant measures for management of national secret and business secret-related personnel to practically fulfill the obligation of keeping national secrets.

Pursuant to the requirements on insurance policies at the national, provincial and city level, the Company has established such employee insurance system as basic pension insurance, basic medical insurance, etc., as well as a supplementary medical insurance system, thereby forming a four-in-one medical protection system comprising the basic medical insurance, the over-limit medical insurance, the supplementary corporate medical insurance and the medical relief fund. The Company has actively participated in the corporate annuity scheme of Angang Group. The Company has made timely contributions to various insurance policies in a full amount and provided welfare expenses as stipulated to improve employee benefits. According to the law, the employees are entitled to paid annual leave, family leave, leave for marriage or funeral, maternity leave and other holidays. The pay for overtime and holiday work of employees is in compliance with the relevant policies of the government and the Company.

Chapter III Protection of Employees' Rights (Continued)

II. PROTECTION OF EMPLOYEES' RIGHTS (CONTINUED)

The Company always enters into and fully fulfils the Collective Contract and the Specialized Collective Contract for Protecting Rights and Benefits of Female Employees as the important measures for maintaining a harmonious labour relationship as well as protecting legitimate rights of employees and special interests of female employees. The coverage of collective contracts has reached 100%. The Company has strengthened the inspection and supervision of the performance of collective contracts to ensure the performance of the legitimate rights of employees. The Company conducted inspection of the performance of the Collective Contract and the Specialized Collective Contract for Protecting Rights and Benefits of Female Employees by grass-roots units in terms of labour deployment, remuneration, working hours and rest and leave, staff education and training, insurance and welfare benefits, protection of female employees' rights, occupational safety and health and other aspects and reported the performance of Collective Contract to the employee representative meeting. In strict compliance with the Special Rules on the Labour Protection of Female Employees, Rules on the Prohibited Scope of Labour of Female Employees and other requirements as well as the terms of the Company in respect of the management measures on the labour protection of female employees, the Company achieved equality between male and female in terms of equal pay for equal work, vocational education, technical training, promotion, participation in corporate democratic management and other aspects. The Company offered "two diseases" general examinations, with the coverage of 100%, and special physical examinations for all female employees to reduce the incidence of gynecological cancers of female employees and effectively maintain the physical health of female employees. The Company has also purchased "Ankang Insurance (安康保險)" for female group covering 4,422 female employees. 9 female employees made claims and received compensation of RMB420,000 in total.

Chapter III Protection of Employees' Rights (Continued)

III. RELATIONSHIP BETWEEN THE EMPLOYEES AND THE COMPANY

1. Unimpeded Channels for Employees' Participation in Corporate Management

The Company has implemented the Opinion on Establishing Harmonious Labour Relations issued by the central government and the State Council in a conscientious and consistent manner and strengthened the establishment of corporate democratic management system in a basic form of employee representative meetings. In particular, the Company focuses on the democratic management while deepening the reform to ensure that the works are carried out according to the laws and regulations under standardised procedures and democratic decision-making process. There was no labour dispute in 2019.

The Company convened the 16th meeting of the first session of employee representative meeting to consider and approve 12 items including the executive work report of the Company and the employee training scheme for the year 2019, 100% of which was considered. In particular, polls were conducted in respect of the items related to the vital interests of employees, including the Use of Welfare Expenses for the Year 2019 (Draft) and Measures on Performance and Remuneration Assessment for the Year 2019 (Draft). The Company convened review meetings for the proposals from the employee representatives to review the proposals received and file such proposals for further handling and then give feedback to the grassroots units and the relevant employees in a timely manner, while reporting the results at the annual employee representative meeting. The Company has handled all the proposals from the employee representatives as well as the opinions and suggestions. The Company fully implemented an open system for factory affairs to broaden the channel for disclosure of factory affairs. The Company also facilitated the disclosure of affairs of the basic working zones and teams. After consideration and evaluation by the employee representatives, the satisfaction rate for the implementation of the open system for factory affairs reached 100%. The Company conducted democratic consideration and evaluation on the performance of the leaders and cadres and achieved full rating coverage for the former.

Chapter III Protection of Employees' Rights (Continued)

III. RELATIONSHIP BETWEEN THE EMPLOYEES AND THE COMPANY (CONTINUED)

2. Building a Company with Harmonious Labour Relations

The Company always focuses on the comprehensive development of corporate activities for labour relations to establish new-type labour relations which are standardised and orderly, fair and reasonable, mutually beneficial and harmonious and stable so as to protect the legitimate rights of the Company and its employees and in turn to pursue healthy growth of the Company. The Company has pushed forward the implementation of various works for establishing harmonious labour relations, including furthering disclosure of factory affairs, implementing collective negotiation and collective contract systems and strengthening the mediation mechanism for labour conflicts. The Company has conducted a special activity called "Online Questions for Company (網絡問企)" to establish a channel for employees to give opinions, suggestions and appeals and motivate them to participate in democratic management. 64,416 opinions and suggestions were given by the employees via the "Online Questions for Company (網絡問企)" platform throughout the year, of which 56,488 passed preliminary approval and were replied and settled. The Company has set up a labour dispute mediation committee to learn the development of labour disputes in a timely manner and strengthen the efforts in handling letters and visits of employees as well as labour disputes in order to maintain an unimpeded channel for the employees to express their opinions, mediate labour conflicts in a timely and effective manner, nip the conflicts in the bud and solve the issues at the basic level. The Company adheres to implement the democratic management reception day, the contact point system of the management members and regular symposiums between the cadres and masses, inspection of employee representatives and other matters to have better knowledge of employees' needs, listen to employees' opinions and respect employees' aspiration. The opinions and suggestions proposed by the employees are studied and the existing problems are rectified and solved.

Chapter III Protection of Employees' Rights (Continued)

III. RELATIONSHIP BETWEEN THE EMPLOYEES AND THE COMPANY (CONTINUED)

3. Efforts in Enhancement of Working Environment for Employees

The Company has placed great emphasis on the labour protection for employees and thoroughly publicized and implemented the Labour Law, Work Safety Law, Law on Prevention and Control of Occupational Disease, Trade Union Law and other relevant laws and regulations. Intensified efforts have been exerted on up-to-standard infrastructure construction for standardization of production safety of shifts. In the campaign themed by “delivery of coolness in summer”, the trade union of the Company, on the basis of survey on employees' demands, purchased electric fans, medicine cabinets, salt soda water and other heatstroke prevention products with a value of over RMB600,000 for front-line employees. Besides, the Company proactively organized soliciting and achievements gathering in respect of safety standardization management made by work groups and studied the connotation of the “Ankang Cup” competition from different perspectives, summarized and refined practical experience, and effectively gave play to the role of trade unions in the promotion and guidance of work safety. At the 35th annual meeting of the League for Labour Protection of Trade Unions of National Iron and Steel Enterprises (全國鋼鐵企業工會勞動保護工作聯合會), three employees of Angang Steel were honored with the “Excellent Labor Protection Worker of the Trade Union for National Steel Enterprises (全國鋼鐵企業工會優秀勞動保護工作者)” awards.

The trade union's participation function was strengthened. In the “Month for Production Safety”, the Company organized screening and rectification of accident potentials and occupational hazard factors. A total of 7,401 potential safety hazards were identified and 7,380 potential safety hazards were rectified. For the rest 21 hazards which cannot be rectified temporarily, appropriate protective measures have been taken. The Company also participated in the “Employee Reporting and Reporting Potential Production Safety Hazards and Accidents” appraisal activity organized by the Federation of Trade Unions of Anshan City, and won 50 awards. In addition, the Company organized blackboard newspapers on safety and pictorial exhibition as well as 1,347 education campaigns on safety. The trade unions at all levels, closely centering on “thorough fulfillment of corporate responsibilities in respect of production safety”, organized the employees at front line, in work groups and at different positions to earnestly learn knowledge on safety and occupational health in order to prevent production safety accidents and carried out activities of quizzes on safety and occupational health for work groups to greatly improve the comprehensive quality.

Chapter III Protection of Employees' Rights (Continued)

III. RELATIONSHIP BETWEEN THE EMPLOYEES AND THE COMPANY (CONTINUED)

4. Enthusiasm for Helping Employees With Difficulties

The Company has further enhanced the long-term mechanism for poverty relief. The Company redefined employees of exceptional poverty and needy employees of the Company, improved files for accurate identification and included the said employees in the assistance networks of the All-China Federation of Trade Union and governments to expand relief channels and increase relief efforts. The Company developed an information-based employee helping system and established precise employee helping cards for employees in difficulties to ensure accurate poverty relief. The Company organized the extensive visit event named "Warmth for Thousands of Homes (温暖送萬家)" by leaders, cadres and Party members, and paid 16,153 visits to model workers, employees in difficulties and retired personnel in plight throughout the year and gave out relief funds of RMB7,254,800. Medical relief was also provided to 525 individuals hospitalized with illness and medical relief special funds of RMB2,597,300 were given out. The Company cares about the lives of its employees and organized pragmatic activities including celebrating birthdays for employees, competitions for high-quality service in the canteen, and giving of coolness to build a brand image for labour union services.

5. Caring for and Helping Disabled Employees

The Company has 532 disabled employees. In order to enhance the management of and services to the disabled employees, the Company has established a federation for disabled persons and commenced activities to care for the disabled employees. The Company paid over 931 visits to employees with difficulties or disabilities, organized condolence activities during the National Day for Helping the Disabled and the International Day for Helping the Disabled, and gave out comfort gifts amounting to RMB79,800 to those employees. In order to enrich the recreational and sports activities for the disabled employees, the Company successively organized poetry recitation, skill competition and article solicitation activities for them.

Chapter III Protection of Employees' Rights (Continued)

III. RELATIONSHIP BETWEEN THE EMPLOYEES AND THE COMPANY (CONTINUED)

6. Enrichment in Cultural Life of Employees

The Company has carefully implemented the important instruction made by Xi Jinping, General Secretary of the Communist Party of China that "Trade unions must adapt to the new situation and tasks, strengthen and improve the ideological and political work of employees" by insisting on entertainment, enriching activity carriers, deepening learning and education. We have thoroughly developed the employee-targeted and front-line worker-nestled system, and extensively carried out a series of practical activities on the theme of "Dream of China-Beauty of Labor" to celebrate the 70th anniversary of the founding of New China and the 70th commencement anniversary of Angang Steel and carried out activities such as speeches, articles solicitation, and singing performances. The Company organized a variety of cultural and sports activities suitable for employees and organized company-level activities once a month. The Company also organized activities including lantern riddle event, delivering culture to factories as well as badminton competition and mountaineering team competition, which were all welcomed by employees. The Company initiated "My People, My Country" to commemorate the 70th anniversary of the founding of the People's Republic of China and launched the "Walking Together" fitness activity for all employees to celebrate the 70th commencement anniversary of Angang Steel. More than 10,000 employees participated in the walking competition and question-answering activities to promote Xi Jinping's new era of socialism with Chinese characteristics into the grassroots, into the work groups and into the mind.

7. Caring for Physical and Mental Health of Employees

The Company arranges its employees to attend physical examinations every year with full coverage of physical examination and health filing for all employees. The Company also organized vacation for employees by batches and 27,081 individuals participated in these activities throughout the year.

Chapter III Protection of Employees' Rights (Continued)

IV. TRAINING AND QUALITY IMPROVEMENT OF EMPLOYEES

In 2019, aimed to cultivate industry scientific leading talents and the core team and taken the “Chunmiao” talents cultivation project as an opportunity, the Company comprehensively conducted systematic, modular and precise education and training with close focus on the production and operation of the Company, promoted the development of training programs of different terms, levels and scale, and effectively made use of the general and basic training to strive to create featured and quality training program, support the high quality development of the Company with the quality and capacity of employees further improved, and provide sound talent backup and intellectual support to the objective of building up an iron & steel enterprise with the strongest comprehensive competitiveness.

The Company closely focused on its production, operation, transformation and upgrading needs, carefully arranged and rationally organized training courses covering political theories, international talent cultivation, automatic, information-based and intelligent construction capacity improvement, new technology and cutting-edge technology; advanced study in respect of modern logistics, online iron and steel e-commerce and customer communication; as well as position-based innovation capability, famous faculty tutoring activities, technician forums, innovation micro-classes, lectures on advanced skills for internal trainers, and three-base counterpart support, etc., which effectively improved the employees' professional capability, conduct and quality. As at the end of December 2019, the Company organized employees to attend centralized training courses for a total of 1,569,650 training hours and received attendants of 18,965 person-times, representing a per capita training length of 57.6 training hours. The planned training targets were entirely realized.

Chapter III Protection of Employees' Rights (Continued)

V. PROTECTION OF OCCUPATIONAL HEALTH AND SAFETY RIGHTS OF EMPLOYEES

In 2019, Angang Steel further strengthened the “Four Consciousness”, firmly established the concept of safe development, carried forward the thought of prioritising life and stuck to the red line that no development should be pursued at the expense of human lives and the bottom line of putting a curb on major and extra serious accidents. The Company insisted on the safety production policy of “placing safety first, preventing injuries as core, and managing comprehensively”, strictly followed the laws and orders, continued to implement the “0123” safety management model with the construction of safety production standardization as the main line. The Company further improved the system and high-lightened the role of enterprises in ensuring work safety and took solid steps to prevent and control major safety risks with an aim to continuously improve the safety quality of all employees, strive to improve the level of essential safety, and continue to improve the safety production management level of Angang Steel.

In 2019, Angang Steel achieved the goal of nonoccurrence of substantial major safety production incidents and recorded a total of four safety production incidents, all of which were minor injury incidents. The injury rate per 1,000 employees was 0.13%, beating the target of 0.15% set for the entire year. In 2019, Angang Steel did not have any grave fire disaster.

1. Optimized the Production Safety Responsibility System for All Employees to Effectively Implement “One Position with Dual Responsibilities”

- (1) The Company further optimized the production safety responsibility system. By adhering to the principles of “business management, production and operation management must encompass safety management” as well as “person-in-charge, who approves and who signs is the one with responsibility”, the production safety targets were decomposed into departments, working zones, work groups, positions step by step. Liability forms for production safety were signed at all levels and all employees signed production safety undertakings. The Company has established and improved the production safety responsibility system and working mechanism of task decomposition, responsibility implementation, and pressure passing level by level to realize a full coverage of safety production responsibility system from “horizontal to the edge, vertical to the end”.

Chapter III Protection of Employees' Rights (Continued)

V. PROTECTION OF OCCUPATIONAL HEALTH AND SAFETY RIGHTS OF EMPLOYEES (CONTINUED)

1. Optimized the Production Safety Responsibility System for All Employees to Effectively Implement “One Position with Dual Responsibilities” (Continued)

- (2) The Company continued to improve the production safety responsibility system for all employees. The main responsible persons of each unit were required to personally organize the management personnel at all levels revising and improving the system, which further refined and optimized the safety production responsibilities from the main responsible persons to all employees in the front line. In order to realize full coverage of all departments and positions of the units, the content was quantified and refined, the scope was made clear, concise and easy to operate, as well as updated in a timely manner.
- (3) The Company established a level-by-level appraisal mechanism for the production safety responsibilities. In accordance with the principle of strong incentives, tough restrictions, and strict assessments, it specified the process and trace for implementing each requirement of the safety production responsibility system, conducted a regular check and evaluation on the implementation of each position, enhanced the assessment and accountability system, and refined the content for assessment. It successfully transformed the responsibility of all employees from participation to implementation by linking assessment with salary, appraisal and promotion, and implementing the “accountability for duty neglect” of safety production in place.

Chapter III Protection of Employees' Rights (Continued)

V. PROTECTION OF OCCUPATIONAL HEALTH AND SAFETY RIGHTS OF EMPLOYEES (CONTINUED)

2. Optimized the Mechanism of “Dual Prevention” to Level up the Capability of Risk Control

- (1) The Company intensified prevention and control over safety risks. Firstly, the system for risk management and control was enhanced further, so as to form a mechanism for comprehensively identifying risk factors over the entire working process for all employees, risk evaluation, as well as management and control over risks, and to carry out the identification and evaluation of risk factors and major risks on a periodical and circular basis. It also improved the list involving larger risk factors and major risks, drew up a risk distribution map, and carried out the risk management not only in a hierarchical and stratified approach but also in terms of category and profession, thereby strictly implementing the responsibilities of graded management and control; Secondly, it set up safety bulletin boards with corresponding colors in the conspicuous positions and key areas of each risk site, and made cards to notify post safety risks; Thirdly, based on the regulations and standards it continuously optimized the measures for safety control and precaution, and intensified the daily check, monitoring and surveillance, and removal and rectification of hidden dangers, so that the safety risks were under control all the time; Lastly, it regularly evaluated the dual prevention mechanism and dynamically updated the safety risk list, accident risk list and safety risk map as well. The operation of the systems for hierarchical controlling risks and for removing and rectifying hidden dangers was reassessed, and the entire chain was revised to improve each link of the dual prevention mechanism, especially after a number of critical factors that included the production process, key equipment and facilities, and safety management affecting safety risks changed or even led to casualties.

Chapter III Protection of Employees' Rights (Continued)

V. PROTECTION OF OCCUPATIONAL HEALTH AND SAFETY RIGHTS OF EMPLOYEES (CONTINUED)

2. Optimized the Mechanism of “Duel Prevention” to Level up the Capability of Risk Control (Continued)

- (2) The Company strengthened the removing and handling of hidden dangers. It further optimized the system for removing and handling of hidden dangers and established the corresponding mechanism in a normalized and all-round manner. Meanwhile on the basis of completing the removal for all employees, it intensified the track-down of leaders of both departments and grassroots units, and their responsibility awareness for carrying out the removal. Besides, it continued to increase investment in safe production and to take intrinsic safety measures such as “tough isolation” to eliminate the hidden dangers. Concerning the identified hidden dangers of major accidents, it fulfilled “five implementations” in terms of responsibilities, measures, funds, time limits and contingency plans since a scheme for treating the dangers was formulated and put into effect. Hence the hidden dangers were rectified timely and effectively.

3. Optimized the “Two-Nonoccurrence Mechanism” to Enhance the Surveillance of Safe Production Process

- (1) The Company continued to press ahead “inspection on safety management”. It clarified the supervision and inspection responsibilities and frequency of management personnel at all levels in factories, professionally functional departments and operating areas, and quantified the indicators for identifying problems. In addition, it fulfilled its responsibilities of the “two nonoccurrence” and facilitated the normalization and institutionalization, comprehensively carrying forward a full-coverage safety inspection conducted in specific areas by specific indicators.
- (2) The Company facilitated the refinement of the “two-nonoccurrence mechanism”. First of all, it refined and standardized the “list of hidden dangers and violations”; Secondly, it established and enhanced the “joint liability” assessment mechanism for hidden dangers and violations, urging all units to strictly conduct the cause analysis of violations and hidden dangers, responsibility investigation and assessment accountability. As a result, the investigation manner of hidden dangers changed from looking at the simple to the root, and the assessment of rule violations also altered from evaluating a single responsibility to joint responsibilities.

Chapter III Protection of Employees' Rights (Continued)

V. PROTECTION OF OCCUPATIONAL HEALTH AND SAFETY RIGHTS OF EMPLOYEES (CONTINUED)

4. Carried through Performance Evaluation on Safety Management to Advance the Conformity of Production Safety Standardization

The Company continuously promoted the conformity and upgrade of production safety standardization. Those units exalted as Level-I and Level-II enterprises in terms of production safety standardization were asked to carry out projects and self-evaluation of elements, and to make continuous improvement; Through establishing safety-standardized enterprises it made the production safety management system that was based on standardization maintain effective operation, which was useful to spot and address issues, and to level up the level of safety management. To be in line with the new national laws, regulations, rules, and standards, it continuously optimized the standards for evaluation on safety management performance. In particular, the “execution” of the standards was the priority in the evaluation. It also focused on supervision and inspection of implementing the regulations and the system by various units. Through step-by-step evaluation, strict implementation of management measures was urged to strengthen the execution of the system.

5. Intensified the Oversight of Interested Parties to Prevent Accidents Related to the Interested Parties

Firstly, the Company carried through the principle of “equal standards, consistent requirements, simultaneous trainings and unified rewards and punishment” and fully incorporated the supervision and management over the safety of interested parties into the system for production safety management of enterprises; Secondly, to boost the safety capabilities of interested parties, the professional departments and safety supervision departments were urged to fulfill the preliminary review and re-examination on the production safety qualifications and conditions for interested parties, and to conduct strict entry in accordance with the principle of “the contractee shall be responsible, while the one in charge be held accountable”; Thirdly, it established a daily evaluation and withdrawal mechanism for interested parties, consummated the interested party integrity and credit systems, and improved requirements in relation to interested parties' safety supervision and the “Blacklist”, so as to intensify accountability; Fourthly, the implementation of penalty assessment mechanism for interested parties were advanced to put the assessment into effect conscientiously; Fifthly, the oversight of their operating process was carried forward. To implement the safety responsibilities at all levels and ensure the operations of interested parties under an orderly control, there were 15 special safety evaluations organized for projects of technical renovation and maintenance.

Chapter III Protection of Employees' Rights (Continued)

V. PROTECTION OF OCCUPATIONAL HEALTH AND SAFETY RIGHTS OF EMPLOYEES (CONTINUED)

6. Strengthened the Emergency Management to Improve Its Effectiveness

Firstly, the Company further refined and improved the safety production emergency plan, on-site response plan and post response cards to shift the focus of key emergency response from "After Accident" to "After Warning". It gradually refined and standardized the emergency response procedures and methods for post-release of early warning information, and continuously strengthened the construction of full-time and part-time emergency rescue teams by improving the storage and management of emergency equipment and emergency materials, implementing emergency trainings and emergency drills in accordance with laws and regulations. For comprehensive emergency plans and special emergency plans, the Company conducted drills at least twice a year, and at least once a quarter for on-site response plans, so as to improve the emergency command capabilities of the person in charge at all levels, emergency response and rescue capabilities of the emergency teams, as well as the operators' abilities in self-aid and mutual aid. All of measures mentioned above contributed to the scientificity and efficiency improvement of the emergency plans. Secondly, each subordinate unit entered into emergency linkage agreements with related units nearby to improve the effectiveness of emergency rescue. The Company and the Emergency Management Department of the Liaoning Province jointly organized an emergency rescue drill for large comprehensive accidents, which trained the emergency rescue teams and strengthened the coordination ability between the government and the enterprise.

Chapter III Protection of Employees' Rights (Continued)

V. PROTECTION OF OCCUPATIONAL HEALTH AND SAFETY RIGHTS OF EMPLOYEES (CONTINUED)

7. Strengthened Safety Training to Enhance the Safety Awareness and Abilities of All Employees

Firstly, the Company carried out safety training activities under the theme of "Leading Cadres Going to Lecture Hall". Persons in charge of factories, departments, and operation areas, acting as safety training teachers, conducted safety presentations for each profession and ear region. The Company enhanced the safety awareness and safety management capabilities of managers at all levels while improved the safety quality of employees through safety programs given by leading cadres. Secondly, the Company continued to vigorously promote the safety management activities such as "One Month One Theme", "One Month One Classroom", and "Five Minutes before Work", and made full use of regular safety meetings per month and per week to organize safety trainings for employees, so as to help employees master required technical knowledge and skills for their respective duties. The Company also conducted rigorous theoretical and practical evaluations on all employees to ensure that all employees took appointments and operations with certificates. Thirdly, the Company strengthened its training efforts on special operation personnel and special equipment operators according to the laws, and adopted measures policies, both in incentive and restrictive aspects, to encourage employees to participate in trainings and motivate their enthusiasms in trainings, which ensured all of our special operation personnel and special equipment operators took appointments with their respective certificates according to the laws.

8. Strengthened the Safety Management at Source to Level up the Intrinsic Safety

Firstly, the Company conduct a strict implementation of the "three-simultaneous" safety and occupational health rating work in line with the laws; Secondly, it handled control at source, and vigorously encouraged the application of new technologies, new processes, new materials and new equipment for safe production and occupational hazard prevention. Through a number of technical means including mechanization, automation and informatization, it raised the level of process and equipment, reduced manpower by mechanization and automation, thereby improving the intrinsic safety level, and reducing the risk of production safety accidents and occupational hazards fundamentally. Throughout the year it made full use of the expenditures for safe production in compliance with the laws to enhance the projects for safe working conditions.

Chapter III Protection of Employees' Rights (Continued)

V. PROTECTION OF OCCUPATIONAL HEALTH AND SAFETY RIGHTS OF EMPLOYEES (CONTINUED)

9. Consolidated Occupational Health Management to Improve the Level of Prevention and Control of Occupational Hazards

The Company continued to carry forward the standardization of production safety comprehensively. According to relevant standards in relation to on-site operating, it made a continuous enhancement in the on-site operating surroundings where undesirable factors were eliminated, so that it could create a healthy and comfortable operating environment for employees. At the same time, the operating conditions became favorable, in that it intensified its investment in production safety constantly, carried out projects such as the alarm system for sound and light projection of cranes, and offered emergency equipment for the grassroot units including protective clothing against fire and safety cords. The on-site occupational health conditions and the level for prevention and control of occupational hazards were improved further, since it insisted on keeping the occupational health and production safety at the same pace in planning, deployment and implementation, strengthened the corresponding infrastructure according to the laws, and enhanced the six types of occupational health archives. Moreover, it arranged occupational health examinations, regular inspections, status assessments, set up on-site warning signs as well as displayed test reports, which contributed to better measures against occupational hazards.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights

I. INTEGRITY MANAGEMENT IN COMPLIANCE WITH LAWS

1. Adhering to incorporating leadership of the Party into the Articles of Association of the Company and corporate governance, the Company carried out a thorough learning of the Constitution of the Communist Party of China (《中國共產黨章程》), and complied with the Code of Ethics of the Communist Party of China (《中國共產黨廉政準則》), Certain Criteria on the Party's Political Life under the New Situation (《關於新形勢下黨內政治生活的若干準則》), Disciplinary Punishment Ordinance of the Communist Party of China (《中國共產黨紀律處分條例》) and other regulatory provisions. The Company conducted business in a white-handed and upright manner in strict accordance with the Criminal Law of the PRC (《中華人民共和國刑法》), the Law on Anti-money Laundering of the PRC (《中華人民共和國反洗錢法》) and other relevant national laws and regulations. In addition, the Company formulated Implementation Measures of Angang Steel on Three Importance and One Greatness Policy-making System (《鞍鋼股份有限公司關於“三重一大”決策制度實施辦法》) and Trial Implementation on Employee Punishment Principles of Angang Steel (《鞍鋼股份有限公司職工罰則(試行)》), setting up an inspection office for the party and governmental officials and working with commission for discipline inspection to fulfill supervisory responsibilities effectively and to enforce accountability management strictly.

The Company comprehensively reviewed the integrity of candidates selected by units as outstanding model and excellent representative at all levels, so that we ensured they were qualified politically; supervised the elections of the party organizations of the units and implemented 157 probity audits to ensure the probity of candidates. The Company also completed an integrity review of 71 proposed leaders for promotion and adjustment by enhancing the supervision in personnel selection and appointment, particularly the strict selection and hiring of leaders at every level, and standardising the corresponding procedures; strictly implemented the requirement of “both the discipline inspection committee and the organization department at the higher level playing major role as inspector in nomination of secretary and deputy secretary at the lower level”, and evaluated the selection and hiring of 31 secretaries and 8 deputy secretaries to discipline inspection committee. During the Company's effort to promote the special programme addressing corruption and bribery fully, 459 people were criticised and educated, or asked to self-review, of which 4 were warned by the Party, 1 was severely warned by the Party and 1 was placed on probation within the Party.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

I. INTEGRITY MANAGEMENT IN COMPLIANCE WITH LAWS (CONTINUED)

2. The Company conducted strict enforcement of discipline and accountability and proper use of “four forms” of oversight over discipline compliance. To regulate the acceptance and disposal of issue clues, 98 cases of issue clues were concluded, and 102 cases were under investigation since the beginning of the year. Focusing on clues indicating violation of the Party's eight-point frugality code(中央八項規定精神), the Company not only intensified investigation and handling of cases in relation to hurting interests of enterprises and employees but also held the relevant persons accountable corresponding to the disciplines and regulations. In 2019, through a number of measures such as disciplinary review and special governance, 44 people were punished by both the party and government disciplines, and 101 people were dealt with in the first form including exhortation, critical education, and reminder.
3. The Company closely concerned on key areas and regulated and carried forward special supervision. Upon key areas including raw materials and fuels, spare parts and equipment, it set up company-level special supervision projects. It handled special inspections for 206 times, 139 rectification items and 24 items of revising system, so far, a total of 120 items received special oversight.
4. The Company strengthened discipline and unlocked the deterrent effect of disciplinary education. Party members of the Company were procured to learn through intra-party laws and rules, including the Party Constitution (《黨章》) and the Regulation on Disciplinary Actions by the Communist Party of the People's Republic of China (《中國共產黨紀律處分條例》), to further enhance their disciplinary awareness and consolidate their moral defenses against corruption. It organised more than 4,400 persons to visit Angang Steel's anti-corruption education museum. Targeting at the implementation of the Party's eight-point frugality code (中央八項規定精神) and correction of “four undesirable work styles”(“四風”), it conducted supervision and inspection during major festivals and strengthened reminder and oversight over the enforcement of the marriage and funeral reporting system. Up to now, the disciplinary committees at all levels sent reminders that included a total of 7,801 SMS messages and WeChat messages, 770 emails, and carried out warning education 1,779 times and inspections 1,345 times as well as special governance 106 times.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

II. RESPONSIBILITY FOR PRODUCT QUALITY

The Company focused on the key indicators of “efficiency, quality and reform” to enhance quality management on an ongoing basis and quality control; adopted a problem-oriented approach to improve the overall product quality; optimised the product structure with demands as the driver; carried on with its efforts in technical innovation and quality enhancement for benefit with the centre of improving product quality and core competitiveness. In addition, it continuously made improvement in the quality management system while maintaining their effective operation including ISO9001, GJB9001C, IATF16949 for a number of years, and registration qualifications; focused on users' experiences to fulfill the personalized demands of users, which contributed to realizing its goals for production and operation.

In 2019, the Company complied with the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), Patent Law of the People's Republic of China (《中華人民共和國專利法》), Law of the People's Republic of China for Anti-Unfair Competition (《中華人民共和國反不正當競爭法》) and other relevant laws and regulations in terms of responsibility of product quality. The Company has observed relevant laws and regulations as well as the requirements under relevant standards on a voluntary basis and updates the directory of laws and regulations applicable to the quality management systems of the Company on an annual basis to make sure downright law abiding and up-to-par product manufacturing. Meanwhile, the Company has provided the stakeholders with primal products and sincere services in return for their confidence in the Company. In 2019, the Company did not have any breach of the Law on Product Quality (產品質量法) and other relevant laws and regulations.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

II. RESPONSIBILITY FOR PRODUCT QUALITY (CONTINUED)

1. Continuous Optimization of the Scientific and Technological R&D Systems

- (1) Focusing on national strategies and enhancement of innovating ability

Keeping in step with national strategies, the Company strived to enhance innovation capabilities. It newly established 5 national projects including "Developing Large Nuclear Forgings with Highly Purified and Homogenized Cast Product & Nuclear Reactor Containment with Extra Thick Plates", and organised 2 projects applying for Liaoning Province Talent Program, including "Research and Application of Techniques for High-End Vacuum Clad Plate Production". "Steel for High-Strength Pipeline under Low Temperature and High Pressure", a national project led by the Company, reached its mid-term goal owing to the full use of state key laboratory of metal materials for marine equipment and the tight grasp of crucially national strategic demand. Upon the national project "Production Techniques for L485 High-Strain Pipeline Steel & JCOE Steel Pipe", steel plate for L485 heavy-section high-strain marine pipe was made successfully in trial. Meanwhile the industrialized preparation of LNG nickel-free high manganese steel and the first industrial rolling of 4300 thick plate line were completed under the national project "Microstructures Evolution Laws and Key Manufacturing Technology of LNG Nickel-free Steel". Furthermore, the Department of Industry and Information Technology made remarkable progress in the following projects: "Steel for Polar Ship under Extreme Environment with Low Temperature", "Platform for Demonstrating Production and Application of Advanced Offshore Engineering & High-Tech Shipping Building Materials", "Study on Applying High Manganese Steel for LNG Storage Tank & Low-Temperature Austenitic Steel in Ships", and "Research on the Application of Corrosion-Resistant Steel in Large Ships" as well.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

II. RESPONSIBILITY FOR PRODUCT QUALITY (CONTINUED)

1. Continuous Optimization of the Scientific and Technological R&D Systems (Continued)

(2) Enhancement of industry-university-research coordination

The Company strengthened the coordination among industry, university and research by seizing the critical point in production and operation, breakthrough point in reversing losses and increasing efficiency, and starting point in environmental protection and emission reduction. For the whole year it signed 22 contracts for developing technology with Northeastern University, University of Science and Technology Beijing, Central Iron & Steel Research Institute and other universities. Meanwhile it organised and passed the conclusion acceptance for external development contracts including Study on Online Control of Three-Dimensional Dynamic Secondary Cooling in No.1 Slab Branch of the Main Steel Making Plant (《煉鋼總廠一分廠板坯二冷三維動態配水在線控制研究》) and Development and Application of Steel for Class 550 Ultra-Low Temperature Pipe Fittings and Supporting Heat-Treatable Welding Materials (《550級超低溫管件用鋼及配套可熱處理焊材的開發及應用推廣》); and also, the mid-term and stage conclusion acceptance for external development contracts including Development of Complete Techniques for Austenitic Stainless Steel & Electroslag Remelting of Huge Single Heavy Structural Flat Steel ingot (《奧氏體不銹鋼和大單重結構鋼扁錠電渣重熔成套技術開發》).

(3) Advancement of building efficient management and control system

To promote effective sharing of innovative resources, the Company developed an efficient scientific research management system with Baoxin (寶信), which covered not only Angang Steel but also its subsidiary units. It completed the design and testing of the main business functions, and the collection of project financial costs and historical data. Moreover, it solved issues existing in the system operation through communication, feedback and negotiation with the Baoxin (寶信) employees, making the system operate better.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

II. RESPONSIBILITY FOR PRODUCT QUALITY (CONTINUED)

1. Continuous Optimization of the Scientific and Technological R&D Systems (Continued)

(4) Efficient use of EVI movement effectiveness

To make full use of EVI movement effectiveness, automobile steel EVI team collaborated with GAC Group to carry out 8 laboratory projects; also jointly applied for 2 projects of National Natural Science Foundation; developed 4 research projects on manufacturing technology of seat and platform components with AHK; and performed lightweight design with FAW Hongqi E115 model.

2. Increased Efforts on Technology

In 2019, Angang Steel invested RMB3.7 billion in technology and RMB1.6 billion in research and development. To ensure effective use of these investments, the Company put forward 7 batches of scientific research project programs that consist of 145 projects (subjects), including national and provincial projects, leading plans, some projects concerning independent management of the technical center and others led by Beijing branch of Academia Sinica. Throughout the year the Company obtained approval for the contract-free trial production of 39 projects, set up 44 projects in a short time, went through 68 scientific research subjects demonstrations and passed the conclusion acceptance for 161 scientific research subjects. For continuous improved efficiency of R&D investment, it formulated a target plan for R&D and technical expenditure in 2019. In addition, the 2019 Notice on Carrying Out Key Technical Research for Cost Reduction and Efficiency Enhancement (《關於開展2019年度科技降本增效立項攻關工作的通知》) was issued to help the Company propose 3 batches of corresponding programs, of which 596 annual projects were implemented.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

II. RESPONSIBILITY FOR PRODUCT QUALITY (CONTINUED)

3. Management of Patents and Proprietary Technologies as well as Technological Cooperation and Exchange

(1) Patents and proprietary technologies

Under the intellectual property strategy of “developing quantity and quality, identifying critical allocation”, the Company was committed to nurture high-value core patents and proprietary technologies with the emphasis of a correct orientation of quality and value. During the year, 579 patents of the Company were accepted for review by the competent authorities, including 325 invention patents, accounting for 56%. Besides, 442 patents were licensed by the competent authorities, including 214 invention patents. Additionally, 574 proprietary technologies went through declaration and 101 proprietary technologies were put on record. There were 15 items of computer software applying for copyright protection, and 15 proprietary technologies awarded Company-level Outstanding Proprietary Technology Prize.

(2) Technological cooperation and exchange

The Company collaborated with State Power Investment Corporation Limited to develop large single-weight ultra-wide steel for wind power; with Central Iron & Steel Research Institute to create forward-looking products 508-4; with Shanghai Nuclear Engineering Research & Design Institute Co., Ltd. to complete national projects including a new type of high-corrosion-resistant duplex stainless steel and Z-phase nuclear power steel; with CGN Research Institute Co., Ltd. to devise duplex stainless steel for offshore nuclear power; and with Dongfang Boiler Group Co., Ltd. to invent stainless steel for seawater desalination. It successfully ensured China Southern Power Grid Company Limited all types of supply of weather-resistant iron towers including weather-resistant angle steels, weather-resistant steel sheets and bolts; organised and completed contract signing of nine technology development projects including “Calculation Design and Simulation Technology for Steel Materials” that was entrusted to Beijing Research Institute. Through the backing of state key laboratories, its collaboration and communication with key universities and downstream firms was enhanced. It also contracted with Harbin Institute of Technology, Tianjin University and other colleges over Regulations on Welding Technology Collaborative Laboratory, holding the opening ceremony. During the year of 2019, a number of projects concerning external collaboration accomplished their planning and formation, which included 50 items of planning intention, and 41 technical contracts were set.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

II. RESPONSIBILITY FOR PRODUCT QUALITY (CONTINUED)

3. Management of Patents and Proprietary Technologies as well as Technological Cooperation and Exchange (Continued)

(2) Technological cooperation and exchange (Continued)

The Company organised and attended a number of international academic conferences such as “the 8th International Steelsim Conference” and “the 10th Pacific Rim International Conference on Advanced Materials and Processing, and more than 10 national special academic conferences including “the 12th China Steel Annual Conference”. It also held nine sessions of “Engineer Forum”, undertook “Special Seminar on Steel-making Furnace-maintenance Technology in Three Northeast Provinces” of the Liaoning Society for Metals, and co-organised four cross-regional academic communication sessions including “the 2019 Seminar on New Processes, New Technologies and New Products of Steelmaking in the Six Provinces’ Society for Metals”. Overall, the Company arranged and held a total of more than 30 academic events where more than 1,000 scientific and technical personnel participated, and more than 200 articles were accepted by sessions. Moreover, more than 80 of them discussed over 50 articles at session.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

II. RESPONSIBILITY FOR PRODUCT QUALITY (CONTINUED)

4. Enhanced Standardized Management

The Company strived to improve the market influence of its products through taking on more work in respect of formulation and revision of international and national standards. It led the revision of the ISO 630-5 Structural Steels-Part 3: Technical delivery conditions for fine grain structural steels (《細晶粒鋼交貨技術條件》) and completed the final draft international standard (FDIS). It completed the formulation and revision of nine national standards concerning Technical Specification for Green-Design Product Assessment-Structural Steel for Bridge (《綠色設計產品評價規範橋樑用結構鋼》); led or revised 14 national standards that were officially published, including High-Strength Crack Arrest Steel Plate for Ships (《船用高強度止裂鋼板》). It also made applications for 22 projects on formulation and revision of national and industrial standards involving Continuously Cold-Rolled High-Strength Steel Sheet and Steel Strip for Automobiles-Part X: Low-density steel (《汽車用高強度冷連軋鋼板和鋼帶第x部分：低密度鋼》); and established eight projects on national standards revision involving Structural Steel for Ship Hulls and Offshore Units (《船體及海洋工程結構用鋼》). Moreover, it finished the identification, confirmation and publication of 58 national and industrial standards as well as 79 foreign standards; disclosed over 201 enterprise standards and 83 technical specifications including a new type of Continuously Hot-rolled Corrosion-resistant Steel Sheet and Steel Strip for Railway vehicles; and completed the publication of 45 product standards on the self-declaration system, thereby guaranteeing the compliance and lawfulness of its standards. Structure Steel for Bridges applied by the Company was awarded Excellent Prize and Meritorious Prize by the first National Technical Committee on Steel Standardization, National Technical Committee on Pig Iron and Ferroalloy Standardization, and National Technical Committee on Iron Ore and Direct Reduced Iron Standardization of Standardization Administration of China, while Analysis Methods of Dendritic Segregation in Steel Billets, a series of national standards, received the third prize.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

II. RESPONSIBILITY FOR PRODUCT QUALITY (CONTINUED)

5. Technological R&D Results and Major Cases

(1) Technological R&D Results

The new generation of high-strength light-weight duplex automotive steel DP980-LITE made its global debut; 90mm ultra-wide crack-arrest steel made its domestic debut as exclusive supplier for nine 23000TEU container ships, the largest ones in the world; ultra-high-strength low-temperature steel sheet FO460 with 68mm large thickness was first launch domestically and used to supply the first FPSO project of Shell Company undertaken by our country; 316H stainless steel was applied in the 600MW demonstration project concerning crucial equipment of nuclear island; high-performance weather-resistant steel Q420qFNH used in extremely cold surroundings was used to supply the Heihe Bridge, the Sino-Russian Bridge project; the successful production and supply of the Angang Steel 's QU100 bainite steel rail was a domestic initiation, which filled the gap in the domestic application of this steel type in this field; military products achieved full coverage in materials for key models and a number of new weapons appeared on military parade of the 70th anniversary of the National Day, thereby showing off the pillar of Angang Steel; titanium-steel composite plates were supplied to the Chizhou Yangtze River Bridge that considered a project demonstrating the application of anti-collision pier. The world's first set of processes for coking wastewater reuse and near-zero emission were developed successfully; Spiral electromagnet stirrers used in the secondary cooling zone (for bloom casting) started operating, being the first set of international equipment; the expert system for coal blending began running, being the first domestic set of equipment.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

II. RESPONSIBILITY FOR PRODUCT QUALITY (CONTINUED)

5. Technological R&D Results and Major Cases (Continued)

(1) Technological R&D Results (Continued)

The complete production process of composite billet made by die steel was developed by Bayuquan independently, with a welding pass rate of 75%; the first domestic implementation of static eddy current array probes was used to detect various types of defects from 0 to 180 degrees on the bottom surface of rails; the efficiency of 2,130 rolling mills grew by more than 10%; the transformation of steel-sheet pickling lines was finished with the yield of 88%. New progress was made in blast furnaces in terms of long campaign life and high efficiency; seven blast furnaces of Angang Steel hit a record in the long campaign life; Research on high-efficiency and low-energy technology for five blast furnaces was carried out to improve the using coefficient of blast furnaces effectively. Six annually organized projects including "R&D and Application of New Technology for Continuously Cast Microalloy Steel Products with Defect-Free Surface" received Metallurgical Science and Technology Prizes while there were seven projects awarded Science and Technology Prizes by the Liaoning Province, including "Development and Application of Intelligent Rolling Control System for High Efficiency of Silicon Steel for Electrical Engineering". Besides, there were 11 projects awarded Science and Technology Prizes by Angang Steel, including "Development and Application of Key Technologies for Steel Frame in High-Performance Angang Steel Series".

(2) Major cases on scientific and technical work

Upholding the planning guidance, the Company compiled the "2019–2021 Scientific and Technological Innovation Development Plan" that involved 8 processes of iron making, coke making, steel making, hot rolling, cold rolling, medium-to-thick plates, resource utilization & environmental protection, and intelligent manufacturing & information technology. Besides, it also covered 13 product areas including automobiles, shipbuilding, marine engineering, bridges, pipelines, nuclear power, heavy rail, railway vehicles, electricians, home appliances & coating, wire rods, seamless pipes, and chemical products. There were 148 critical projects, out of 301 projects in total.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

II. RESPONSIBILITY FOR PRODUCT QUALITY (CONTINUED)

5. Technological R&D Results and Major Cases (Continued)

(2) Major cases on scientific and technical work (Continued)

By coordinating three plans including the “2019–2021 Scientific and Technological Innovation Development Plan”, “2025 Technological Leader Program” and “2018–2020 Scientific Research Project Plan”, the Company placed its priorities on the process field in terms of technologies for process improvement, cost reduction and efficiency enhancement, resource conservation and environmental protection, intelligent manufacturing, and equipment integration; also on the product field in terms of technologies for full coverage in products and product quality enhancement. That was conducive to the successful establishment of a complete scientific and technological leader system characterized by advanced processes, high-end products, resource conservation, intelligent manufacturing and technological R&D on intelligent equipment. Meanwhile, to make such arrangement more scientific and the control chain more complete and efficient, the technological innovation management committee and the scientific and technological innovation expert committee were set up to form a complete management and control system, which involved development positioning, key areas, strategic varieties, technologies and strategic undertaking, key project composition, R&D team collaboration, and precise management on scientific research.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

II. RESPONSIBILITY FOR PRODUCT QUALITY (CONTINUED)

6. Pushed for Continuous Upgrade of Quality Management to Enhance Quality Competitiveness

The Company convened the “3.15” quality meeting, whereby caps were identified, weak links were shored up, and quality management were pressed ahead steadily. It gave preferential weight to 1+10+N quality breakthrough, process innovation, quality planning and key quality activities to push for the continuous upgrade of quality management, improve the product quality and the capability of benefit generation on an ongoing basis and enhance the quality competitiveness. The key breakthrough projects were promoted energetically to solve problems and create benefits; the plan on improving product quality was formulated and the assessment on quality was implemented after discerning the status quo and identifying gaps in comparison with the peers; the through yield and composite yield of the Company's rolled steel increased by 0.4% and 0.5% year on year, respectively, as a result of the endeavors in leveling up up-to-standard rate and composite yield by assessing core performance indicators of production lines; improvement rate increased by 20% by setting up and optimising 12 quantitative indicators for customer experience and in turn conducting appraisal based on the feedbacks from customers; to cope with factors prejudicing quality cost, three categories of projects were completed involving optimization of quality design, graded sales of products and reduction of alloy additives in the quest for breakthroughs by ameliorating and innovating process technologies, which led to significant results; over 400 times of equipment listing and delisting were made in the process spot check in cooperation with the equipment department, with a delisting ratio of 99%; a number of product quality indicators mounted up, such as 05 automobile sheet, owing to the successful completion of six sigma management training and 23 six sigma programs; in addition to the formulation and revision of four documents concerning quality procedures and management measures, it conducted quarterly appraisal on quality control abilities, hence the employees' awareness of product quality and their execution of quality management, as well as the product quality were improved prominently.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

II. RESPONSIBILITY FOR PRODUCT QUALITY (CONTINUED)

7. Strengthened Product Certification and Fostered Brand

The Company completed more than 50 domestic and international certifications including the automobile steel, the super-high-strength steel for marine engineering, the Japan non-combustible materials, the Indian BIS, etc., which effectively facilitated the further expansion of product sales channel and the presence in high-end product market. In terms of major certifications, the Company had obtained the color-coated products, a certified non-combustible material under Japan's applicable law, with a number of products involving medium-to-thick plates, hot-rolled and cold-rolled products, and wire rods all acknowledged to be in line with the JIS standards of Japan; its steel produced by the Bayuquan 3,800 mm production line was qualified for ship hull and marine engineering; its products produced in Anshan and Yingkou were accredited by the BIS of India, which covered hot-rolled, cold-rolled and zinc-coated products, silicon steel, medium-to-thick plates and wire rods; moreover, such certifications also included the KS certification for Korean standard threaded rebar, CRCC certifications for quality assurance capacity in heavy rail and for rolling stock hot-rolled new-type corrosion-resistant steel, as well as certifications on automobile steel granted by the vehicle enterprises and key users.

Its rail steel products were awarded as "Golden-Cup Excellence" by China Iron and Steel Association while the cold-rolled non-oriented electrical steel and welded gas-cylinder steel was acknowledged as "Golden-Cup Quality". Its wire rod factory was entitled as User-Satisfied Enterprise by Liaoning Quality Association.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

II. RESPONSIBILITY FOR PRODUCT QUALITY (CONTINUED)

8. Monitored the Packaging Quality to Improve the Presence of Angang Products

Upon quarterly special review over the stevedoring, shipment and warehousing quality of a dozen of units involved product transportation including logistics parks, ports and off-port warehouses, the Company's inspection team for packaging, warehousing and shipment quality informed the logistics management department of the identified issues in transportation quality timely, and monitored the continuous improvement. The team also kept an eye on the packaging quality of each grassroots factory at all times, made them informed if issues concerning with that occurred during the transportation process, and urged the units with problems to improve timely. Each grassroots factory was supervised to conduct a thorough self-inspection and make continuous enhancement in packaging quality. Thanks to the strict control of quality in respect of packaging and handling and the close observance of the standards on freighting for railway, road and marine transportation, total consumption of packaging materials amounted to 77,600 tons, and complaints over packaging quality of products of the Company decreased by 15% throughout the year.

9. Green Logistics

Under the ecological development principle, the Company worked at full stretch promoting multimodal transport in green logistics, using Shandong-oriented rolling transport, and carrying forward bulb steel supply by bulk rather than piecemeal. It achieved container transportation in terms of bulb steel. The railway transportation was encouraged to be dominant proportion, instead of land carriage, to control automobile pollution. It also increased the railway freight volume by the application of large-tonnage frame-mounted containers for railway transportation, which reduced the use of straw-made mats and protected the ecological environment.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

III. ESTABLISHMENT OF AN EFFICIENT CUSTOMER-ORIENTED SUPPLY CHAIN

1. Offered Checklist-manner Services

The Company efficiently respond to the production demand of the downstream supply-chain, formed a mechanism for regular visit and communication to grasp the changes in demand timely and to handle them efficiently, thereby enhancing the adaptability of checklist-manner services. It managed full lifecycle of raw materials and fuels as a result of the wide feedback collection on their use. It endeavored to develop substitutable varieties through proactive involvement in the system optimization of blended coal and ore, and exploration for new varieties of cost-effective raw materials and fuels.

2. Improved the Procurement System for Raw Materials and Fuels

The Company optimised the management process on a continuous basis and innovated the management methods while learning from the lean management cases. It consummated a number of procurement mechanisms including the Implementing Regulations on Procurement Management of Raw Materials and Fuels (《原燃料採購管理實施細則》), and Regulations for Supply Management of Raw Materials and Fuels (《原燃料供方管理細則》), which identified the responsibilities of procurement-supply chain and kept businesses coordination efficient. It also ran regular examination on the compliance of procurement businesses to address identified issues.

3. Reinforced Management of Quality Acceptance of Raw Materials and Fuels

The Company strengthened communication and coordination with the Logistics Department and ran irregular quality inspections of raw materials and fuels at ports and train platforms. Due to the implemented graded management on quality of raw materials and fuels, exchange meetings on quality and technology between both sides were organised in response to frequent complaints about low-carbon ferrochrome products, so that both sides reached a consensus on quality control and eliminated laboratory system errors. Implementing Regulations on Quality Management of Raw Materials and Fuels (《原燃料質量管理實施細則》) and the quality documents for separating and disposing steel scrap from ports were formulated for further clarification of quality control responsibilities and refinement of supervision and operation procedures. The Company also improved various quality-based accounts such as the registration of unqualified raw materials and fuels, and intensified analysis on quality data.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

III. ESTABLISHMENT OF AN EFFICIENT CUSTOMER-ORIENTED SUPPLY CHAIN (CONTINUED)

4. Implemented Eco-friendly and Transparent Procurement

The Company carried out procurement through public bidding in keeping with the goal of maintaining “transparent, cost-effective, safe and efficient” procurement management systems. While securing stable procurement channels backed by major suppliers with stable production, delivery and transportation capacity and well-established quality assurance in the industry, the Company also expanded the scope of public bidding to the extent possible to further attract the general suppliers eligible for participation and in turn to develop effective competition in the procurement market.

5. Consistently Ameliorated Supplier Entry Requirements and Evaluation

The Company advanced strategic procurement of all varieties to support cooperation among the strong ones and to achieve a win-win for supply-chain enterprises. It also built alliance agreements with some key strategic suppliers to deepen the collaboration in all aspects. In order to intensify dynamic management of suppliers, the entry requirements were constantly optimised, and the additions of qualified suppliers and standards for annual review were revised and consummated. Throughout the year, the Company drew 66 outperformed suppliers in and sifted 75 underperformed suppliers out. It had 209 qualified suppliers as at the end of the year, among which, 47 general suppliers were promoted as strategic or major suppliers and 5 strategic or major suppliers were downgraded as general ones. Overall, strategic suppliers accounted for 20% and was increased by 18% year on year. For non-compliant suppliers, the Company implemented assessment measures such as warning, imposing penalties, terminating contracts, disqualification etc.. During the year the Company issued written warnings to 25 suppliers, required 4 suppliers to go through rectifications, and disqualified 50 suppliers for provision of materials and 5 suppliers for provision of full package of varieties. Based on the principle of selecting the superior and eliminating the inferior, upstream channels of the supply chain witnessed a remarkable upgrade in its overall strength.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

III. ESTABLISHMENT OF AN EFFICIENT CUSTOMER-ORIENTED SUPPLY CHAIN (CONTINUED)

6. Guarded Against Procurement Risks

In order to cope with procurement risks, the Company further designated the main department responsible for procurement, put the management strategies and solutions into practice and reinforced monitoring over and early warning of risk indicators, having resulted in appreciable effects in management and control of material risks.

- (1) The Company made use of market information seminars, blended coal and ore meetings and specialised conferences for various market themes to continuously optimise procurement strategies. Keeping abreast of online information for capture of market hotspots, it updated shipping information regularly and accomplished 48 weekly reports on purchasing information. Its ability to make decisions on procurement was therefore improved effectively.
- (2) In addition to keeping track of information of market changes timely, the Company grasped dynamic information of peer industries via platforms such as the "Conference on Information Exchange among Seven Steel Companies", selectively absorbing their operating advantages. To enhance benchmarking and investigation with companies such as Baosteel (寶鋼), it systematically mined big data from markets and fully analysed the cost reduction potential including blended ore structures, logistics costs and cost components.
- (3) It proactively expanded approaches avoiding financial risks, so that Angang Steel became one of first A-level dealers of the basic-transaction platform in commodity exchanges and completed the first basic transaction via the internet. Throughout the year, there were 230,000 tons of ore exported and imported due to further increase of efficiency growth points.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

IV. MANAGEMENT OF PRODUCT SALES SERVICES

1. Innovated the Establishment of Marketing Management Systems

(1) Promoting marketing system reform

The Company reformed and developed itself under the marketing concepts of “customer-centric” to accelerate the reform of systems and mechanisms and to strengthen unified management. The Company also formulated and implemented a work scheme for separating management and operation to further determine the responsibilities between the department of marketing management, the department of product variety and the regional companies, and to give guidance in marketing and sales. Simplified administration and decentralization together with the regional market devolved more power in product operation and market-oriented employment, which activated the regional companies effectively.

(2) Continuous improvement in channel building

Based on the market and layout of the production line, the Company continued to strengthen the marketing mode of “Industry + Region” through reasonable deployment of resources with the direct supply as main channel. To remain customer-centred and marketing-led, the Company encouraged marketing research and development, integration of marketing and production, as well as the set-up of collaborative teams to propose comprehensive solutions for customer needs. The Company also made use of regional companies and steel-processing centres as platforms, constantly developing businesses such as processing and delivery towards high-end and systematic direction.

(3) Continuous advancement in brand building

While focusing on the industry development, the Company kept in step with “The Belt and Road” initiative and strived to be the backbone of the national steel. The Company provided guarantee in materials for a series of massive projects including the China-Russia east-rout natural gas pipeline, ski resorts for Beijing Winter Olympic, high-speed railway stations in Xiongan New Area, Beijing Daxing International Airport, the Shenzhen-Zhongshan undersea tunnel, Fuxing high-speed railway, Bangladesh nuclear power plants, and China-Laos railway. That contributed to our brand influence at home and abroad and also our reputation increasingly. Meanwhile the Company redesigned the brochures of 12 types of products based on the customer needs.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

IV. MANAGEMENT OF PRODUCT SALES SERVICES (CONTINUED)

2. Reinforced the Construction of an After-sales Service System

Angang Steel took great initiatives to provide satisfactory customer services following the basic policy of “sticking to the actualities, sufficient authorities, quick response and customer satisfaction”. The process that the authorised regional branches handle customer complaints directly was improved, and the approval authority of business management personnel was expanded and thus the efficiency of addressing complaint cases was significantly increased. In response to high complaints about cold-rolled and coated products, it allocated more hands to enhance business coordination between production plants and customer service departments, offering on-site technical services for key clients to respond to customers' requirements promptly. At the same time, it constantly enhanced performance indicators such as the proportion in relation to closing cases within 30 days, leading to the increasing efficiency of complaints handling in each unit.

3. Perfected the Customer Information Protection System

Beside improving the customer information protection mechanism, the Company strengthened the management of customer profiles via an information-based customer management system. It strictly observed and implemented the confidentiality system in accordance with the principle of “Person in charge responsible for confidentiality (業務誰主管・保密誰負責)”. To effectively protect customer information, the Company adopted certain measures including limiting permission of customer management and disallowing the connection between the sales management system and the Internet. In 2019, no incidents in respect of leakage of customer information occurred.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

IV. MANAGEMENT OF PRODUCT SALES SERVICES (CONTINUED)

4. Managed Customer Satisfaction, Addressed Complaints and Paid Return Visits

- (1) Continuous enhancement in the quality and efficiency of complaints treatment

With the stress laid on the quality and efficiency of complaints treatment, the Company comprehensively utilised various management tools to efficiently improve the response speed for treatment of customer complaints, service quality and customer satisfaction. It made amendments to the Procedures for Management of Customer Complaints for higher service efficiency. The sales, finance, logistics, product technology and other departments were organised and coordinated to strengthen and intensify the quantised internal appraisal around the major concerns and key areas of customer complaints, thereby fulfilling the service commitments at full stretch.

In 2019, the Company received 2,328 customer complaints, of which 2,302 were closed, representing a closing rate of 98.99%.

- (2) Establishing a coordinated and interactive working mechanism to respond to customers' requests

For customers' requests, the Company established the mechanism for mutual cooperation and interaction among sales departments (including regional sales branches and processing lines), customer service department, plants, technical departments and logistics departments, and provided on-site services for key clients in order to gain timely understanding of product quality and respond to customers' requirements promptly. The regional branch handled 1,027 complaint cases within its authorised reach in 2019 due to the complaint treatment improved towards the market and customers.

Chapter IV Integrity Management and Protection of Suppliers and Customers' Rights (Continued)

IV. MANAGEMENT OF PRODUCT SALES SERVICES (CONTINUED)

4. Managed Customer Satisfaction, Addressed Complaints and Paid Return Visits (Continued)

- (3) Adopting a question-oriented approach to implement closed-loop management

In response to representative issues and the orientation as reflected in customer complaints, the Company collected company-wide feedback messages on a daily, weekly, monthly and quarterly basis. Production and technology departments examined, formulated and implemented corresponding corrective and preventive measures and carried out closed-loop management as well so that it can respond to all queries and requirements from customers proactively.

- (4) Initiated customer satisfaction surveys and evaluations on a regular basis. The Company highly valued and continuously regulated the management of customer satisfaction. It conducted survey and evaluation of customer satisfaction twice a year by industries and categories of customers. The survey covered 503 customers in 14 key industries including petrochemical, automobile making, home appliances, military projects and shipping industries. The survey indicated that the score of customer satisfaction has maintained over 90 for a number of years. In particular, the score of customer satisfaction for 2017, 2018 and the first half of 2019 was 93.53, 93.21 and 94.07, respectively.

Chapter V Environmental Protection and Green Development

I. ENVIRONMENTAL PROTECTION MANAGEMENT SYSTEM AND MECHANISM

1. Environmental Protection Management Principles

The Company upheld the “ecology first, green development” idea for environmental protection, carried forward the “eldest son style” of the new era, and fully explored the economic and social values of product manufacturing, energy conversion, waste utilization, greening and beautification. Guided by the principles of “clean production, benefiting the city, and harmony and symbiosis” and with the harmonious development of the Company and society in view, the Company built a green, low-carbon and eco-friendly forest-type plant to become a leader in green development and a model “urban steel mill”.

2. Construction of an Environmental Protection Management System

The Company issued the Key Points of Environmental Protection Work in 2019 and the Pollutant Emission Limits and Total Pollutant Emission Control Indicators for Each Process, which clarified the objectives of and plan for environmental protection work and the internal control standards for pollutant emissions in 2019 and broke down the total pollutant emissions by unit, compiled statistics on a monthly and quarterly basis, and implemented a management mechanism for controlling both the total emission and concentration of pollutants; the Company organized the identification and evaluation of important environmental factors, carried out the identification of laws and regulations and compliance evaluation, and continuously improved and ensured the effective operation of the environmental management system. The Company fully identified the new laws, regulations and requirements of the state, organized the revision of the environmental management procedures and emergency plan for environmental emergencies, improved risk control for hazardous wastes, and added soil pollution prevention and control and other related requirements.

3. Maintenance of the Registered Qualification for Environment System Certification

In 2019, the environmental management system of the Company successfully passed the annual surveillance audit conducted by a third party and obtained the qualification for ISO14001 environmental management system certification.

Chapter V Environmental Protection and Green Development (Continued)

II. PERFORMANCE OF ENVIRONMENTAL PROTECTION WORK

In 2019, there was no significant pollution accident; radioactive sources were safely used and the hazardous waste treatment rate reached 100%; the special dust control was carried out continuously in the plant area, resulting in significant decrease in dust fall in the plant area and obvious improvement of the plant outlook; the environmental protection facilities ran stably, the discharge of pollutants was in line with standards, and the total amount of emissions continued to decrease.

1. Improvement of Environmental Protection System

The Company prepared and issued the Plan on Self-monitoring of Pollutants, Standards on Internal Control of Pollutants Emission and Total Quantity Control Indicators of Pollutants to track and supervise the internal pollutants emissions of the Company, so as to ensure rapid rectification in case of abnormality. Meanwhile, the Company continued to enrich the contents of Environment Monthly Report, aiming to reflect the status in environmental supervision, pollutant emission and management, environmental management, etc., which provided a basis for the Company's decisions in relation to environmental protection.

2. Intensification of the Maintenance of Environmental Protection Facilities, and Implementing Renovation to Improve Efficiency and Meet the Standards

No major environmental pollution incidents occurred at the Company, all the existing environmental protection facilities operated stably, the discharge standards for pollutants were complied with, radioactive sources and X-ray devices operated safely, and hazardous wastes were disposed of in compliance with regulations. In 2019, the Company invested RMB193 million and approved 14 environmental transformation projects including the coal shed at the Lingshan stock ground and two-sintering desulphurization and noise control.

3. Pollutants Discharge

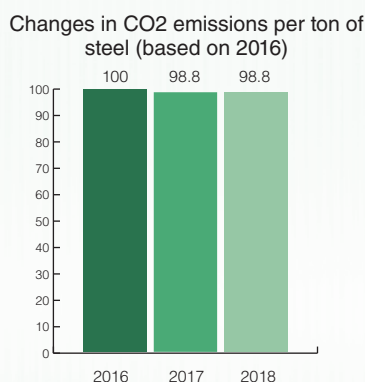
All the environmental protection facilities operated stably, the concentrations of pollutants in wastewater and exhaust gas discharged met the national discharge standards, and the annual emissions of particulate matter, sulfur dioxide, chemical oxygen demand and ammonia nitrogen were reduced by 10.2%, 11.5%, 14.7% and 28.0% year on year.

Chapter V Environmental Protection and Green Development (Continued)

II. PERFORMANCE OF ENVIRONMENTAL PROTECTION WORK (CONTINUED)

4. Greenhouse Gas Emissions

In terms of carbon emissions management, the Company actively followed the national carbon trading policy and the progress in building and the roadmap for the development of domestic carbon markets, carried out relevant policy interpretations and technical capacity buildings on a regular basis, attached importance to technological innovation, and promoted and popularized and applied new energy-saving technologies. The Company actively explored and innovated products traded in carbon markets and carbon trading models, improved the Company's overall carbon emissions management, and made preparations for future carbon emissions trading.



Note: The figures are percentage values. The state has not yet conducted carbon emissions verification for 2019, and there is no conclusive data for 2019, so carbon emissions data will be disclosed next year.

5. Hazardous Wastes

The Company entrusted qualified units to dispose of hazardous wastes, and a total of about 4,680 tons of hazardous wastes are disposed of in compliance with regulations throughout the year.

Chapter V Environmental Protection and Green Development (Continued)

II. PERFORMANCE OF ENVIRONMENTAL PROTECTION WORK (CONTINUED)

6. Solid Wastes

8,231,000 tons of blast furnace slag, 3,898,000 tons of steel slag, 186,000 tons of coal ash, and 58,000 tons of sewage sludge were produced.

7. Emissions Reduction Measures and Achievements

The Company completed 75 environmental protection projects, such as the shed enclosure of the pellet yard at the Lingshan stock ground, the fine desulfurization of coke oven gas and the advanced treatment of wastewater in Beidagou, which effectively diminished the concentration of pollutants in gaseous emissions and greatly reduced the amount of wastewater discharged.

8. Methods for Treatment of Hazardous and Non-Hazardous Wastes and Measures for and Achievements of Wastes Reduction

All hazardous wastes generated by the Company were subject to treatment by qualified units as engaged in accordance with national requirements. Valuable waste resources were recycled or sold according to regulations of the Company. All valueless industrial wastes were discharged into the Heiniuzhuang industrial waste dumping site in Liaoyang County. All domestic garbage was discharged to the designated garbage disposal plant in Anshan City. The Company built a used drum and barrel processing line, by which all used drums and barrels were crushed and fed into a converter for smelting. By adding a lining to drums and barrels for storage of liquid paint, the Company changed 60% of drums and barrels for storage of liquid paint from hazardous waste to general solid waste, thereby reducing the amount of hazardous waste treated.

Chapter V Environmental Protection and Green Development (Continued)

II. PERFORMANCE OF ENVIRONMENTAL PROTECTION WORK (CONTINUED)

9. Clean Production

The Company continuously improved processing technology and strengthened enterprise management in the production and management process, rationally utilized natural resources, and always adhered to the clean production process with low energy consumption, low material consumption and low pollutant production; the Company constantly improved the utilization of resources and energy, strengthened the stable operation of environmental protection facilities and transformed environmental protection facilities to improve efficiency and ensure compliance with standards, thus effectively reducing the amount of and the concentrations of pollutants in wastewater and exhaust gas discharged; the Company adopted innovative ideas to improve the utilization rate of solid wastes, thus improving technology, saving energy, reducing consumption, reducing pollution and increasing efficiency; the Company allocated resources efficiently and rationally, thus improving the utilization rate of resources.

10. Policies to Reduce the Company's Significant Impact on the Environment and Natural Resources and Actions to Manage the Impact to Achieve Environmental Protection and Sustainable Development

The Company thoroughly implemented the green development concept as proposed by Xi Jinping, General Secretary of the Communist Party of China. Centering on “overcoming difficulties in pollution prevention and control”, the Company perfected the environmental management system to strictly control environmental risks and formulated environmental responsibility system to clarify the environmental responsibility of personnel at all levels and hold everyone accountable to environment; with intensified trainings on environmental protection, the environmental awareness and business level of all employees were enhanced; in addition, the Company proactively promoted the transformation of environmental protection facilities to improve efficiency and ensure compliance with standards and strengthened the operation management of existing environmental protection facilities to ensure their stable operation. The transformation of environmental protection facilities to improve efficiency and ensure compliance with standards has given rise to a decrease in pollutant discharge and lowered impact on the environment.

Chapter V Environmental Protection and Green Development (Continued)

II. PERFORMANCE OF ENVIRONMENTAL PROTECTION WORK (CONTINUED)

10. Policies to Reduce the Company's Significant Impact on the Environment and Natural Resources and Actions to Manage the Impact to Achieve Environmental Protection and Sustainable Development (Continued)

The Company focused on improving the quality of the ecological environment, adhered to the "ecology first, green development" idea, spared no effort to implement transformation on achieving ultra-low emissions according to the ecological environment protection plan, and completed the transformation task on schedule. Meanwhile, the Company paid special attention to source control and strengthened the groundwork for environmental protection to ensure compliance with the discharge standards for pollutants, and with the harmonious development of the Company and society in view, the Company built a green, low-carbon and eco-friendly forest-type plant so as to achieve sustainable development while protecting the environment.

11. Causes of Major Environmental Pollution Incidents, Impact on the Company's Performance, Impact of Environmental Pollution, and Measures Taken

No major environmental pollution incidents occurred at the Company in 2019.

12. Main Environmental Information

- (1) Whether the Company was given any major administrative penalty by the environmental protection, safety supervision, tax or any other administrative department, or publicly condemned by the stock exchanges in 2019

① Penalties imposed by the environmental protection department (one)

In December 2018, the concentration of pollutants (total nitrogen) in wastewater discharged into the exterior drainage system in Xidagou exceeded the limit prescribed in the national standard. On 14 January 2019, the Company was fined RMB100,000 by the ecology and environment bureau of Anshan City. The Company immediately carried out rectification, which was completed in January 2019.

② Penalties imposed by the safety supervision department

None

Chapter V Environmental Protection and Green Development (Continued)

II. PERFORMANCE OF ENVIRONMENTAL PROTECTION WORK (CONTINUED)

12. Main Environmental Information (Continued)

- (2) Companies that have been designated as major dischargers by the environmental protection department or their important subsidiaries shall disclose the following main environmental information in accordance with laws, regulations and departmental rules:

- ① Pollution discharge information, including but not limited to the name of major pollutants and characteristic pollutants, the discharge method, the number and distribution of discharge outlets, the discharge concentration and total discharge, excessive discharge, the pollutant discharge standards executed, and the approved total discharge.

Name of company or subsidiary	Name of major pollutants and characteristic pollutants	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Pollutant discharge standards executed (mg/m ³)	Total discharge (ton)	Approved total discharge	Excessive discharge
Angang Steel Company Limited	COD	Wastewater is treated to acceptable standards prior to discharge	3	Main drain	<50	50	126.48	Not approved by the government department	None
	Ammonia nitrogen	Wastewater is treated to acceptable standards prior to discharge	3	Main drain	<5	5	12.078		None
	Particulates	Exhaust gas is treated to acceptable standards prior to discharge	540	Coking	<30	30	9,728.9		None
				Ironmaking	<50	50			
				Steelmaking	<20	20			
				Steel rolling	<30	30			
	Sulfur dioxide	Exhaust gas is treated to acceptable standards prior to discharge	201	Coking	<50	50	9,597.1		None
				Sintering	<200	200			
				Steel rolling	<150	150			
	Nitrogen oxide	Exhaust gas is treated to acceptable standards prior to discharge	170	Coking	<500	500	25,334.1		None
				Sintering	<300	300			
				Steel rolling	<200	200			

Chapter V Environmental Protection and Green Development (Continued)

II. PERFORMANCE OF ENVIRONMENTAL PROTECTION WORK (CONTINUED)

12. Main Environmental Information (Continued)

- (2) Companies that have been designated as major dischargers by the environmental protection department or their important subsidiaries shall disclose the following main environmental information in accordance with laws, regulations and departmental rules: (Continued)

② Construction and operation of pollution prevention facilities

In 2019, no major environmental pollution incidents occurred at the Company, the existing environmental protection facilities operated stably, the discharge standards for pollutants were complied with, radioactive sources and X-ray devices operated safely, and hazardous wastes were disposed of in compliance with regulations. In 2019, the Company invested RMB140 million, approved seven environmental transformation projects including the coal shed at the Lingshan stock ground and two-sintering desulphurization and noise control, and built 75 environmental protection projects including the shed enclosure of the pellet yard at the Lingshan stock ground and the fine desulfurization of coke oven gas.

③ Environmental impact assessment of construction projects and other administrative licenses for environmental protection

In 2019, the Company implemented the environmental impact assessment system and the “three simultaneous” system for environmental protection for 100% of its construction projects, obtained approval for the environmental impact assessment documents of a total of 13 construction projects throughout the year, and conducted independent acceptance inspection of environmental protection facilities in accordance with the requirements of the relevant national environmental protection laws and regulations. A total of 12 construction projects passed the final inspection of environmental protection facilities throughout the year.

④ Emergency plan for environmental emergencies

In 2019, the Company revised the Emergency Plan for Environmental Emergencies and made the filing with the government.

Chapter V Environmental Protection and Green Development (Continued)

II. PERFORMANCE OF ENVIRONMENTAL PROTECTION WORK (CONTINUED)

12. Main Environmental Information (Continued)

- (2) Companies that have been designated as major dischargers by the environmental protection department or their important subsidiaries shall disclose the following main environmental information in accordance with laws, regulations and departmental rules: (Continued)

⑤ Self-monitoring plan on environment

The Company formulated a Self-monitoring Plan on Environment in strict accordance with the requirements of the code for pollutant discharge permits, and entrusted a qualified unit to conduct monitoring.

⑥ Other environmental information that should be disclosed

None.

13. Penalty

On 14 January 2019, the Company was fined RMB100,000 by the Ecology and Environment Bureau of Anshan City for discharging wastewaters has a pollutant concentration in excess of the limit prescribed in the national standard into the exterior drainage system in Xidagou in December 2018. The Company immediately carried out rectification, completed process improvement for the second phase of the advanced treatment project of Xidagou sewage treatment plant, unclogged the biofilter by adjusting the operation mode of the denitrification system, optimized the dosing system, and improved the efficiency of denitrification to ensure the normal operation of the second phase of the advanced treatment project. The rectification was completed in January 2019.

Chapter V Environmental Protection and Green Development (Continued)

III. CONSOLIDATION OF ENERGY MANAGEMENT

In 2019, according to the national “13th Five-Year Plan” on energy conservation and relevant policies on energy conservation and emission reduction, the Company continued to promote energy conservation and consumption reduction in an effective way, increased investment in energy conservation, and adopted advanced energy conservation technologies to improve energy utilization equipment. The Company strengthened energy use management, and improved energy use efficiency; strengthened the management of basic work related to energy conservation, cut costs through system-level energy conservation, and improved energy utilization efficiency.

1. Policies on and Management Methods for Effective Utilization of Resources Including Energy, Water and Other Raw Materials

The Company strengthened the management of energy use, and implemented “intensification, reduction and optimization” for energy-consuming systems to reduce energy loss and improve energy utilization efficiency; while strengthening energy consumption management, the Company continued to adopt differential pricing for energy utilization and carry out “operation in power valley-value period instead of peak-value period” to control energy consumption; the water system operation mode was optimized to regulate the management and control measures for water utilization and drainage at fixed time and quantity. The water balance management was intensified to improve water recycling rate, and regular pressurized supply of domestic water and other energy utilization mechanisms were implemented. In 2019, the electricity consumption of the Company was 14,671.43 million kWh, with electricity consumption of 551.5 kWh/t per ton of steel. The consumption of coke oven gas, blast furnace gas and converter gas was 62272765GJ, 119203040GJ and 14439383GJ, respectively. Fresh water consumption was 52.93 million tons with 1.95 t/t per ton of steel. Recycled waste heat and surplus energy was 1.046GJ per ton of steel.

Chapter V Environmental Protection and Green Development (Continued)

III. CONSOLIDATION OF ENERGY MANAGEMENT (CONTINUED)

2. Energy Use Efficiency Plan and Results

Centering on the production and operation targets, the Company continued to increase efforts on basic management of energy conservation, refined energy indicators decomposition and grading management and control, strengthened special benchmarking of energy indicators, strengthened energy benchmarking with other enterprises such as Baosteel (寶鋼), and implemented corresponding incentives mechanisms to promote the energy conservation and cost reduction in a systematic and thorough way. Energy utilization was fully optimized to ensure efficient energy operation and tiered, economic and adjustable supply by qualities. The Company broadened channels to increase sales of energy and enhanced the profitability of external sale of energy products such as heating with waste heat water, low-temperature liquid and gas. While optimizing systematic measures for energy cost reduction, it moved forward with the implementation of energy conservation and cost reduction projects and exploited potential for consumption reduction to promote obvious improvement and effective enhancement of energy indicators. Meanwhile, the Company strengthened its energy saving supervision and management, and encouraged all employees to participate energy saving supervision and management, thereby facilitating the rational use of energy and genuine energy conservation in all units, and improving energy use efficiency. In 2019, considerable progress and improvement were made in respect of comprehensive energy consumption per ton of steel, fresh water consumption per ton of steel and recycled waste heat and surplus energy as well as other energy indicators and some were their historical best. Comprehensive energy consumption was 568.9kgce/t per ton of steel, which reduced by 3.0kgce/t year on year. Electricity consumption was 551.1kWh/t per ton of steel, representing a year-on-year increase of 1.6kWh/t. Fresh water consumption was 1.95 t/t per ton of steel, which reduced by 16.3% year on year, representing the leading standards among key steel enterprises in China. Self-generated power was 4.929 billion kWh, which increased by 33 million kWh as compared with last year.

Chapter V Environmental Protection and Green Development (Continued)

III. CONSOLIDATION OF ENERGY MANAGEMENT (CONTINUED)

3. Water Utilization and Result of Water Utilization Efficiency Enhancement

The Company continued to pursue water conservation, with a focus on intensification and reduction, and optimized system management to achieve economical operation. The Company continued to optimize the mix of water resources, shut down 30 groundwater wells in Shoushan, further reduced the extraction of groundwater and of water from Dahuofang Reservoir, and increased the reuse of reclaimed water. The Company pushed ahead with the implementation of projects such as the Beidagou BOT project and the Nanshan water storage tank project, reduced the amount of water withdrawn by 10% year on year, and discharged no wastewater into the exterior drainage system. The Company strengthened industry benchmarking, promoted water conservation and emissions reduction on a process-by-process basis, and reasonably adjusted the system water balance; strengthened the management of cycles of concentration for systems, and kept the average number of cycles of concentration for circulating systems above 2.5, thus ensuring a high water recycling rate, which reached an industry-leading level of 98.5%. The Company implemented energy conservation and emissions reduction, built a green, eco-friendly plant area, practiced the idea that lucid waters and lush mountains are invaluable assets, carried out greening on the site of the living water treatment plant in Dahuofang, closed the culvert in Xidagou for remediation, and backfilled the reservoirs of grid 12, water station 5 and water station 15 and carried out greening on the backfill sites, giving the plant a new look. The Company strengthened its technological leadership, promoted the implementation of innovations, and made fruitful achievements in scientific research. The Company won the second prize of Liaoning Province for scientific and technological progress for Angang Steel's Research and Practice in the Field of the Informationization and Intelligentization of Water Resources Utilization Systems and the third prize of the Metallurgical Science and Technology Award for the Development and Demonstration of Intelligent Systems for the Green Utilization of Water Resources in Large Iron and Steel Enterprises, and reached an industry-leading level on all water use indicators.

Chapter V Environmental Protection and Green Development (Continued)

III. CONSOLIDATION OF ENERGY MANAGEMENT (CONTINUED)

4. Energy Conservation and Emissions Reduction Projects and Green Manufacturing Projects

- (1) Results of the implementation of energy conservation and emissions reduction projects and green manufacturing projects

The Company carried out more than 80 scientific research projects in the field of energy conservation and emissions reduction. Among them, the “Engineering and Technological Research on the Use of Waste Heat from Angang Steel for Urban Heating” project laid a theoretical foundation for replacing small heating boilers in Anshan with waste heat from Angang Steel; the Company applied the filtered slag-washing water heat transfer technology and non-filtered slag-washing water heat transfer technology to the system for waste heat recovery from blast furnace slag-washing water to realize indirect heating with waste heat from blast furnace slag-washing water, thus fully tapping into and utilizing low and medium temperature waste heat resources in the Company. This not only increased the Company’s profitability, but also greatly reduced air and environmental pollution caused by coal-fired heating boilers to the benefit of the locality, creating a win-win situation of joint pollution control by the locality and the Company. The project helped Anshan City cut the number of coal-fired boilers by 58 and reduce emissions of carbon dioxide, sulfur dioxide, nitrogen oxides and other gases, and was of great social benefits. The project won the third prize of the 2019 Science and Technology Award of Angang Group.

The “green and efficient converter smelting – the development and application of collaborative technology for dry dedusting” project is a dedusting and recovery technology with independent intellectual property rights. The technology achieves dust removal and zero emissions, reduces the concentration of solid particles in flue gas, and increases gas recovery. The project won the second prize of the 2019 Science and Technology Award of Angang Group.

Chapter V Environmental Protection and Green Development (Continued)

III. CONSOLIDATION OF ENERGY MANAGEMENT (CONTINUED)

4. Energy Conservation and Emissions Reduction Projects and Green Manufacturing Projects (Continued)

- (1) Results of the implementation of energy conservation and emissions reduction projects and green manufacturing projects (Continued)

The “Research on Technology for the Online Removal of Sludge from the Horizontal Sedimentation Tank of Angang Steel’s 1780 Production Line” project solved the problem of sludge generated in the hot rolling process being unusable and polluting the environment due to high oil content, greatly reduced the oil content of sludge generated in the hot rolling process of the 1780 Production Line, reduced carbon dioxide emissions, significantly improved the surrounding environment of the yard, solved the problems of sludge occupying space and affecting production, sludge polluting soil, water and air, odor, etc., and greatly improved the surrounding environment of the stock yard. This technology has been included in the list of energy conservation and emissions reduction technologies prioritized for popularization in Liaoning Province, and won the second prize of the 2019 Science and Technology Award of Angang Group.

The “Research on Technology for the Preparation and Application of New-Type Green Nano Concrete” project prepares new-type concrete by adding wastes such as sintering desulfuration ash from sintering flue gas at Angang Steel, thus making full use of waste. It has been applied and tested in environmental protection engineering for offshore coal storage silos in Bayuquan.

The “Development of Biosynergistic Products and Their Application to the System for the Biochemical Treatment of Coking Wastewater” project has been applied in the aerobic tank of the coking wastewater treatment plant. Compared with the addition of Bactericidal agents, it not only reduced COD in wastewater, but also saved costs in the later stages of wastewater treatment, and the implementation effect was better. The implementation effect was good.

Chapter V Environmental Protection and Green Development (Continued)

III. CONSOLIDATION OF ENERGY MANAGEMENT (CONTINUED)

4. Energy Conservation and Emissions Reduction Projects and Green Manufacturing Projects (Continued)

- (1) Results of the implementation of energy conservation and emissions reduction projects and green manufacturing projects (Continued)

The “Research on and Implementation of Technology for the Economical, Environmentally Friendly and Sustainable Use of Water Resources” project optimized the water resources utilization system based on an information-based intelligent management and control platform. By making full use of the existing conditions, the Company optimized the proportion of freshwater for industrial use, reduced the workload on the clean circulating water system and improved the quality of wastewater discharged into the exterior drainage system, thus fulfilling the goal of reducing emissions of COD and ammonia nitrogen and putting into practice the idea that lucid waters and lush mountains are invaluable assets. The project won the third prize of the 2019 Metallurgical Science and Technology Award

The “Development and Application of Key Technologies for Energy Conservation and Environmental Protection in Coke Production” project realized the full-path monitoring of flue gas pollutants, effectively controlled the generation of flue gas pollutants in the coke oven, and overcame difficulties in the field of environmental protection in coking industry; the Company innovatively came up with an integrated technology for the treatment of coking wastewater to different quality standards, so that wastewater could be treated to acceptable standards and reused, providing a solution to challenges facing the treatment of coking wastewater in the industry; the Company developed a technology for the reuse of iron sludge, which effectively avoided the secondary pollution caused by the iron sludge produced by the Fenton process, thus solving an international problem in the field of sewage treatment. The project won the third prize of the 2019 Science and Technology Award of China Petroleum and Chemical Industry Federation.

Chapter V Environmental Protection and Green Development (Continued)

III. CONSOLIDATION OF ENERGY MANAGEMENT (CONTINUED)

4. Energy Conservation and Emissions Reduction Projects and Green Manufacturing Projects (Continued)

- (2) Implementation of energy conservation management measures and energy conservation results

Adhering to the concept of green development, the Company further tapped the energy-saving potential of processes and production lines and systematically improved the Company's performance on energy consumption indicators by formulating energy conservation plans and objectives, improving energy conservation rules and regulations, promoting the implementation of energy conservation projects, strengthening the supervision of the energy conservation process, etc., further benchmarked itself against Baosteel, Shougang, Rizhao Steel and other domestic advanced iron and steel enterprises, and conducted comprehensive discussions with these enterprises on energy consumption indicators, advanced energy-saving technologies, and carbon emissions with a view to learning from their strong points and closing the gap. The Company organized and participated in internal and external energy conservation exchange meetings, and actively undertook the second metallurgical industry energy conservation and low carbon training meeting of China Energy Conservation Association. The Company regularly organized and carried out "three-place" benchmarking meetings to normalize benchmarking work. The Company continuously increased investment in the introduction and transformation of technology in the field of energy conservation, expanded ways to recover and utilize residual heat and energy, and achieved remarkable results in energy conservation and consumption reduction. We comprehensively promoted energy conservation and efficiency improvement. In 2019, the steel segment performed well in terms of energy conservation, saving 54,900 tons of standard coal equivalent.

Chapter V Environmental Protection and Green Development (Continued)

III. CONSOLIDATION OF ENERGY MANAGEMENT (CONTINUED)

4. Energy Conservation and Emissions Reduction Projects and Green Manufacturing Projects (Continued)

(3) Implementation and effects of energy conservation projects

In 2019, the Company carried out extensive exchanges on energy-saving technologies, worked with domestic and foreign advanced energy-saving enterprises and technology companies on the application of energy-saving technologies, and approved 11 plant-level energy conservation projects on the basis of full argumentation. The Company benchmarked itself against the “three places” in the field of energy conservation management, and copied a total of nine advanced technologies such as the “hot-blast stove replacement and the utilization of waste heat from exhaust gas produced by hot-blast stoves” from the “three places”.

Chapter VI Public Relations and Charity Activities

In adherence to the philosophy of “serving the community in the capacity of enterprise (立足企業、面向社會)”, the Company promoted the volunteer spirit of “dedication, love, mutual assistance and progress” by virtue of the activity of learning from Guo Mingyi to fulfill its social responsibilities and widely conducted youth volunteer service activities, which generated positive social influence.

1. BUILDING A VOLUNTEER TEAM

Leveraging “Gou Mingyi Youth Volunteer Team (郭明義青年敬業奉獻團隊)”, organisations at different levels of the Company proactively conduct activities under the theme of “Learning Lei Feng’s Spirit from Guo Mingyi (跟著郭明義學雷鋒)”. Organisations at different levels organised 901 youth volunteer activities, with 8,906 person-head youth participated.

- (1) Building a volunteer service team. Based on the “Love Foundation” for league cadres, a “Dedication of Love” long-term mechanism was set up to help the extensive league cadres to gain the lofty character of helping others to make dedication of love become a habit. Ever since the establishment of the “Love Foundation”, a total of over RMB30,000 has been raised.
- (2) Building a green homeland. Bayuquan Iron & Steel Branch Company carried out the activity themed by “protection of ecological environment, joint guard of the blue sea and sky” in which 200 members of Guo Mingyi Love Team were organized to conduct thorough clearance of rubbish on the beach at Shanhai Square, which was spoken highly of by local masses and fully demonstrated the good image of employees of Angang Steel. In addition, the Company organized over 200 youths to conduct landscape clearance and maintenance for Zhuoxiu Garden.
- (3) Building a beautiful community. The youth league committee of the Company organized over 300 young volunteers to conduct cleanup for Angang Elderly Cadre Service Center (鞍鋼老幹辦迎賓服務中心), Angang Elderly Cadre University (鞍鋼老幹部大學) and gerocomium. During the campaign, 8 activity rooms and 290 indoor and outdoor windows were cleaned and the area of cleaned floor was over 2,000 square metres.

Chapter VI Public Relations and Charity Activities (Continued)

2. ENHANCING THE CONSTRUCTION OF COMMUNITY RELATIONS

Four grassroots units that had been awarded the title of Civilized Unit of Anshan City were organized to offer pairing assistance to four poverty-stricken villages and towns in Daniu Town, Tai'an County, Anshan City. A total of more than RMB200,000 was donated to help Anshan City's poverty alleviation efforts. All units carried out voluntary service activities around the theme "Present a Gift to the Motherland – Angang Steel Guo Mingyi Love Team in Action". More than 200 volunteer service activities of various kinds were carried out in celebration of the 70th anniversary of the founding of the People's Republic of China, with more than 5,000 volunteers participating. In this way, we strengthened patriotic education while carrying out voluntary services. The Teams of Learning Lei Feng's Spirit of all units were actively organized to serve the community to promote the continuation and carrying forward of Lei Feng's spirit. Our employee Liu Jiachun was awarded the title of "model of learning Lei Feng and Guo Mingyi's Spirit At Work in Liaoning Province"; the wire rod plant was awarded the title of "demonstration site for the activities of learning Lei Feng and Guo Mingyi's Spirit; the "Beautiful Angang Steel" volunteer service project of the hot strip mill was awarded the title of the "best volunteer service project" of Anshan City; Bi Yeping, an employee of Angang Steel Chemical Technology Co., Ltd., was awarded the title of the "Most Beautiful Volunteer" of Anshan City.

We strengthened the construction of the patriotic education base, completed the upgrading and transformation of Angang Lei Feng Memorial Hall and turned it into a Lei Feng spirit memorial site with characteristics that are unique to Angang Steel, greatly enhancing its functions as a provincial patriotic education base.

3. PROMOTING JINQIU EDUCATION

In 2019, the Company provided Jinqiu Education grants of RMB66,000 to 42 students from poverty-stricken families with members working for the Company via the "Jinqiu Education" activities.

Chapter VI Public Relations and Charity Activities (Continued)

4. PROCEEDING WITH TARGETED POVERTY ALLEVIATION

We conscientiously implemented the requirements of the CPC Central Committee and the State Council for targeted poverty alleviation. According to the unified arrangement of Angang Group, the Company carried out targeted poverty alleviation in Taxkorgan County, Xinjiang, Jianchang County, Liaoning Province, and Shihuiyao Town, Xiuyan County, and sent village-resident poverty alleviation teams to Shihuiyao Village, Xiuyan County, and Shangtao Village, Chaoyang City. In 2019, the Company fulfilled all the indicators for appraisal specified in the Letter of Responsibility for Fixed-point Poverty Alleviation by Central Enterprises issued by Angang Group, and conscientiously performed the political and social responsibilities of central enterprises to make a significant contribution to social stability, long-term stability, economic development, the improvement of people's livelihood and poverty alleviation in Taxkorgan County, Jianchang County and other poverty alleviation points.

- (1) Targeted poverty alleviation plan: Based on the reality of enterprises and poverty alleviation points, we actively explored multi-channel, multi-level and multi-form assistance measures in areas such as people's livelihood development, poverty alleviation through industrial development, the rural collective economy, education, and poverty alleviation through consumption, and proceeded with targeted poverty alleviation work in an orderly manner.

Chapter VI Public Relations and Charity Activities (Continued)

4. PROCEEDING WITH TARGETED POVERTY ALLEVIATION (CONTINUED)

- (2) Summary of the implementation of targeted poverty alleviation: First, we strengthened the study of policies to enhance political position and understand the spirit of the central government, and made arrangements for and pushed forward poverty alleviation work. The Theoretical Learning Center Group of the Company's Party Committee organized two learning sessions, and held two meetings on the summarization and promotion of poverty alleviation work and nine regular meetings on poverty alleviation work. Second, we strengthened the organization and leadership of poverty alleviation work, set up the poverty alleviation work group in Taxkorgan County, and rented office space, which was fitted out with office equipment and facilities to create good conditions for poverty alleviation cadres assigned to support Taxkorgan County to focus on poverty alleviation work. Third, leaders set an example by conducting research in the front line of poverty alleviation and solving practical problems in poverty alleviation work. In 2019, leading cadres at all levels at Angang Group, Angang Holding and Angang Steel made a total of 68 research trips to various poverty alleviation points to visit and express solicitude for poor households, investigate the implementation of poverty alleviation projects, solve practical problems in poverty alleviation work, and visit and extend their regards to cadres placed on temporary assignments for supporting Xinjiang and village-resident poverty alleviation cadres. Fourth, we increased support for talents, and selected 16 excellent cadres with good political quality, a down-to-earth style of work, strong comprehensive abilities, management experience and technical expertise to address the shortage of management and technical cadres in poverty-stricken areas. Fifth, we innovated approaches to poverty alleviation, invested RMB1.7 million, focused on industrial development, and achieved income growth and poverty alleviation; we spent RMB60,400 on education assistance, daily necessities and school supplies; we called on employees to alleviate poverty through consumption by actively purchasing more than RMB10 million worth of products from poverty-stricken areas; we mobilized social forces to participate in poverty alleviation, for example, by bringing in RMB60,000 of poverty alleviation funds from external enterprises.

We intensified efforts to summarize poverty alleviation and publicize and promote the results of poverty alleviation, improved poverty alleviation work-related systems, and wrote special cases on poverty alleviation and cases on the deeds of model characters. In 2019, we published the results of poverty alleviation in internal media such as Ansteel Daily, including more than 50 news reports such as For the Smiles of Villagers, wrote two cases on the deeds of model poverty alleviation cadres, and reported two special cases on targeted poverty alleviation to the SASAC of the State Council.

Chapter VI Public Relations and Charity Activities (Continued)

4. PROCEEDING WITH TARGETED POVERTY ALLEVIATION (CONTINUED)

- (2) Results of targeted poverty alleviation: In 2019, Angang Steel invested RMB1.8 million in poverty alleviation and implemented 29 assistance projects. We helped local governments to lift 15,943 people from 5,733 households registered as living in poverty out of poverty, including 3,682 people from 893 households in Taxkorgan County. Recently, Taxkorgan County has passed a third-party poverty alleviation acceptance inspection, and the Tajik ethnic minority as a whole has been lifted out of poverty. Angang Group has been given the 2019 award for poverty alleviation in Kashgar region by the leading group of poverty alleviation in Kashgar Prefecture by the leading group of poverty alleviation in Kashgar Prefecture, Xinjiang – advanced unit in collaborative poverty alleviation. By the end of 2019, Jianchang County had also eliminated poverty, with 12,109 people from 4,786 households registered as living in poverty lifted out of poverty; 150 people from 45 households registered as living in poverty in Shihuiyao Town, Xiuyan County were lifted out of poverty; 22 people from nine households registered as living in poverty in Shangtao Village, Chaoyang City were lifted out of poverty.

Indicator	Unit	Number/progress
I. Overview	–	–
Including: 1. Capital	RMB'0,000	180
2. Supplies converted into cash	RMB'0,000	
3. Number of archive impoverished population casting off poverty	Person	522
II. Subentry	–	–
1. Poverty alleviation through industrial development	–	–
Including: 1.1 Type of industrial development projects for poverty alleviation	Village collective economy	
1.2 Number of industrial development projects for poverty alleviation	Item	7
1.3 Capital invested in industrial development projects for poverty alleviation	RMB'0,000	170
1.4 Number of archive impoverished population casting off poverty	Person	522

Chapter VI Public Relations and Charity Activities (Continued)

4. PROCEEDING WITH TARGETED POVERTY ALLEVIATION (CONTINUED)

(2) Results of Targeted Poverty Alleviation: (Continued)

Indicator	Unit	Number/progress
2. Poverty alleviation through allopatric employment	–	–
Including: 2.1 Capital invested in occupational skill trainings	RMB'0,000	
2.2 People attending occupational skill trainings	Person-time	0
2.3 Employment of archive impoverished population	Person	0
3. Poverty alleviation through resettlement	–	–
Including: Employment of relocated households	Person	
4. Poverty alleviation through education	RMB'0,000	6.04
Including: 4.1 Capital contributed for aiding impoverished students	RMB'0,000	5
4.2 Number of students receiving financial aid	Person	50
4.3 Capital contributed for improving educational resources in poverty-stricken areas	RMB'0,000	1.04
5. Poverty alleviation from the perspective of hygiene	–	–
Including: 5.1 Capital invested in medical and health resources in poverty-stricken areas	RMB'0,000	
6. Poverty alleviation from the perspective of ecological protection	–	–
Including: 6.1 Type of project	–	
6.2 Capital contributed	RMB'0,000	
7. Bottomlined guarantee	–	–
Including: 7.1 Capital for “staybehind” children, elderly and women	RMB'0,000	
7.2 Number of “staybehind” children, elderly and women getting help	Person	
7.3 Capital for the disabled in difficulties	RMB'0,000	
7.4 Number of the disabled in difficulties getting help	Person	
8. Social poverty alleviation	–	–
Including: 8.1 Capital contributed for collaborative poverty alleviation in eastern and western regions	RMB'0,000	
8.2 Capital for targeted poverty alleviation work	RMB'0,000	
8.3 Capital donated to poverty alleviation-related charity funds	RMB'0,000	
9. Others	–	–
Including: 9.1 Number of projects	Item	3
9.2 Capital contributed	RMB'0,000	10
9.3 Number of archive impoverished population casting off poverty	Person	301
III. Awards (nature and class)	–	–

Chapter VI Public Relations and Charity Activities (Continued)

4. PROCEEDING WITH TARGETED POVERTY ALLEVIATION (CONTINUED)

(3) Targeted Poverty Alleviation Plan for the Next Year

Guiding ideology:

Guided by General Secretary Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, we will thoroughly study and implement the spirit of the 19th CPC National Congress and the strategic arrangement of the CPC Central Committee and the State Council for tackling poverty alleviation, follow the unified requirements of Angang Group, adhere to the principle that responsibility, policy, assistance and regulation should be continued, comply with the requirement that policies and programs of assistance must be tailored to the needs of individual households in conjunction with targeted funding and village-specific expert support, and pursued with a results-oriented focus, do a good job in targeted poverty alleviation that combines various types of assistance such as poverty alleviation through industrial development, poverty alleviation through e-commerce, poverty alleviation through consumption, poverty alleviation through education, poverty alleviation through medical assistance, poverty alleviation through projects on people's livelihood and talent support, leverage our advantage in corporate resources, mobilize various forces, make an all-out effort, carry out targeted poverty alleviation throughout the process of poverty alleviation, conscientiously fulfill the political responsibility and mission of central enterprises, help poverty alleviation points consolidate the results of poverty alleviation, establish a long-term mechanism for steady poverty alleviation, and make our due contribution towards local governments fully completing their poverty alleviation tasks and eradicating absolute poverty by 2020.

Objectives and tasks of poverty alleviation:

To assist counties, towns (townships) and villages to proactively carry out poverty alleviation in order to achieve the goal of poverty alleviation for the assisted areas in 2019 to 2020. Following the principle of "creating profitability" supplemented by "assistance", the Company will focus on selecting high quality poverty alleviation projects to improve the endogenous power for poverty alleviation and help local governments fully complete their poverty alleviation tasks and eradicate absolute poverty by 2020.

Chapter VI Public Relations and Charity Activities (Continued)

4. PROCEEDING WITH TARGETED POVERTY ALLEVIATION (CONTINUED)

(3) Targeted Poverty Alleviation Plan for the Next Year (Continued)

Poverty alleviation project and funding plan for 2020:

According to the Poverty Alleviation Plan 2019–2020 of Angang Holding/Angang Steel and based on actual needs of poverty alleviation points, the Company will allocate RMB14.5 million in poverty alleviation funds (including RMB1.1 million in reserved funds) in 2020, with a focus on helping Tashkurgan Tajik Autonomous County.

Summary of specific implementation measures:

First, strengthen learning, unify thoughts, and help poverty alleviation sites consolidate the results of poverty alleviation. Second, do a good job implementing the indicators for appraisal specified in the Letter of Responsibility for Fixed-point Poverty Alleviation by Central Enterprises, and ensure that they are all fulfilled. Third, increase efforts to alleviate poverty through industrial development, consolidate the results of poverty alleviation, establish a long-term assistance mechanism, and enhance the “blood-making” capacity of poverty alleviation points. Fourth, alleviate poverty through education, and solve the problems of understaffing and poor teaching quality in schools in poverty-stricken areas. Fifth, help people increase confidence in their own ability to lift themselves out of poverty and see that they can access the education they need to do so, strengthen talent training, and enhance people’s ability to get rid of poverty and become better off. Sixth, take poverty alleviation through consumption to a deeper level through the agency of e-commerce platforms. Seventh, intensify efforts to summarize, publicize and promote poverty alleviation, and do a good job in writing typical cases on poverty alleviation and cases on the deeds of model characters.

2020 will see a successful conclusion to the battle against poverty. We must fully implement the important discourses of General Secretary Xi Jinping on poverty alleviation, work together with poverty alleviation points paired with us to help them eliminate poverty entirely by 2020, pass third-party spot checks, reviews and acceptance inspections and consolidate the results of poverty alleviation, and establish a long-term mechanism for poverty alleviation, so as to make further and greater contributions to the eradication of absolute poverty!

Chapter VI Public Relations and Charity Activities (Continued)

5. RELATIONSHIP WITH THE COMMUNITY

The Company made full use of the resource advantages of national second-class museum Ansteel Group Museum, national AAAA tourist attractions, national hands-on, inquiry-based learning, practice and education bases for primary and secondary school students, central enterprises' industrial cultural heritage (iron and steel industry) bases, patriotic education bases of Liaoning Province, popular science education bases, and CPC history education bases, continuously improved their reception facilities, and made them free to the public. The museum is wheelchair-accessible, has a volunteer service station and provides services such as free baby carriages and wheelchairs. We designed a diverse range of vivid courses for hands-on, inquiry-based learning in cooperation with the Anshan Municipal Education Commission, formulated a rigorous plan for hands-on, inquiry-based learning, and organized students to walk into the plant and take a look at the plant's world-class cold rolled galvanized steel sheet production line, etc., so as to broaden their horizons and give them a taste of the heritage and charm of Angang Steel's red steel. In 2019, we received visitor teams from all over the province, cities and counties for more than 80,000 person-times.

The Company actively supported the development of local colleges and universities, created conditions for the combination of teaching theory and practice, and cooperated with Liaoning University of Science and Technology and other colleges and universities to organize internships, training on contract and social practice activities for college students. In 2019, we received participants for more than 4,200 person-times in 55 batches.

Conclusion

Since 2008, the Company has been publishing annual social responsibility reports, which truly, objectively disclosed the Company's performance in fulfilling its social responsibilities. It has safeguarded interests and rights of the shareholders, debtors, employees, suppliers and customers and maintained coordinated and harmonious development with the society in terms of undertaking social responsibility for environmental protection and sustainable development as well as public relations and public welfare undertakings. We are taking steps to address some of the issues disclosed by the Company in the report. 2020 is the year in which China will finish building a moderately prosperous society in all respects and fulfill the 13th Five-Year Plan, a crucial year for China to achieve the first centenary goal set by the CPC Central Committee, and a year of change in which China will pursue high-quality development through reform and innovation. We will "consistently strengthen the Party building, and make great efforts to promote the Seven Changes" in an attempt to achieve high-quality development. We will accurately judge the situation, emancipate our minds, measure ourselves against the advanced, and work hard to strengthen ourselves internally; we will seek change and innovation around "intensification, quantity reduction, and wisdom @ customers" in a bid to outperform the market and outperform ourselves; we will focus on improving competitiveness with high-quality development as the core. We will continue to deepen the concept of social responsibility, continue to improve and enhance our social responsibility work, faithfully perform our social responsibility, constantly create new situations for high-quality development, make new strides forward, and strive to be the most competitive steel flagship in the industry.

Angang Steel Company Limited
Board of Directors

27 March 2020



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ANGANG STEEL COMPANY LIMITED*