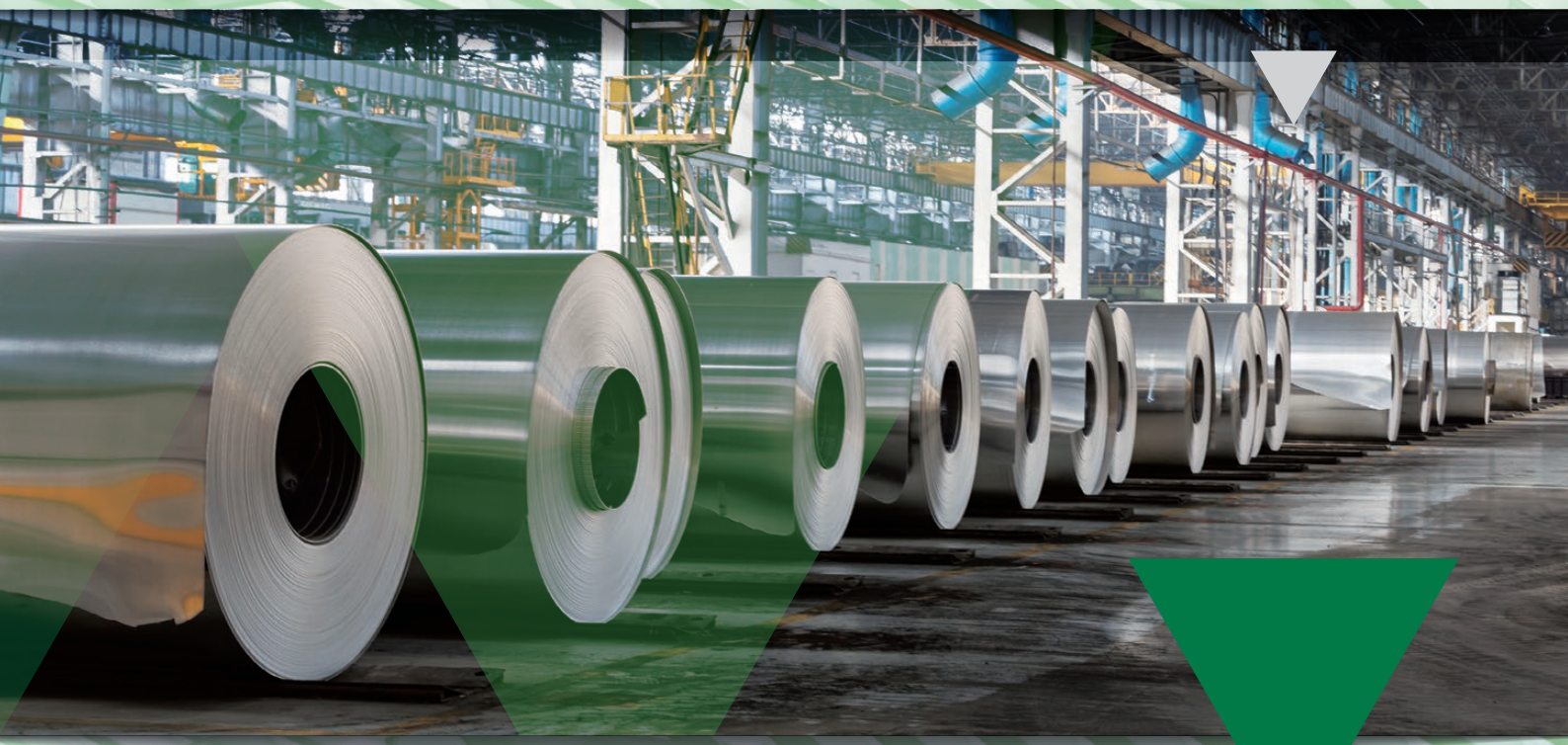
XIWANG SPECIAL STEEL COMPANY LIMITED
西王特鋼有限公司

(incorporated in Hong Kong with limited liability)

Stock Code : 1266



Environmental, Social and Governance Report 2021

ABOUT THE COMPANY

Xiwang Special Steel Company Limited (the "**Company**") was founded in December 2003. The Company was listed on the main board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in February 2012. In January 2014, it was accredited by the Ministry of Industry and Information Technology as a corporation that meets the industry standards. The annual steel smelting and rolling capacity of the Company's design are 3,300,000 tons and 3,000,000 tons respectively, and its major products include various high-quality steel rods and wires, such as high-quality carbon steel, structural alloy steel, pinion steel, spring steel and ball bearing steel, high-strength building materials, and various types of special steel ingots and forged bars for high-end uses.

The Company maintains its transformation strategy of "from general steel to special steel, then to steel products and to products for public use". It has cooperated with the Institute of Metal Research of Chinese Academy of Sciences to establish a clean and intelligent high-end special steel production demonstration line. The production facilities and processes are gradually becoming more stable and mature, and the steel production capacity is improving steadily. More than 80 types of high-end special steel products are placed in the market now and are highly recognized by high-end customers in the People's Republic of China (the "**PRC**") and across Asia.

This Environmental, Social and Governance ("**ESG**") Report (the "**ESG Report**") for the year ended 31 December 2021 summarises the ESG strategies, policies and accomplishments of the Company, and together with its subsidiaries, collectively the "**Group**", "**we**", "**us**" or "**our**". It demonstrates our long-term commitment to generate sustainable economic, social and environmental values to the community through responsible business practices. The ESG Report has been reviewed and confirmed by the Board of Directors (the "**Board**"). Both English and Chinese versions of the ESG Report are available on Company's website www.xiwangsteel.com. The corporate governance section was covered in the 2021 Annual Report.

Reporting Standard

This ESG Report has been prepared in accordance with the disclosure requirements of the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 27 to the Rules Governing the Listing of Securities ("**Listing Rules**") issued by the Stock Exchange of Hong Kong Limited. The Group has complied with the disclosure requirements of the "comply or explain" provisions set out in the Listing Rules. The Key Performance Indicators (the "**KPIs**") during the Reporting Period, which are considered as material by the Group, have been disclosed in this ESG Report.

Reporting Scope

This ESG Report covers the principal operating activities of the Group, which are production and sales of steel, trading of commodities and sale of by-product in the PRC, spanning over the period from 1 January 2021 to 31 December 2021 (the "**Reporting Period**"). The scope of the ESG Report has been covered our operations in Hong Kong and the PRC during the Reporting Period. The entities subject to reporting are determined by considering their ESG significance as well as influence to the Group's operations, and they shall collectively constitute a fair picture of the Group's overall ESG performance. The scope of the ESG Report is the same as the scope of the ESG Report in previous year, except for the disposal of Xiwang Special Steel International Trade (Binzhou) Company Limited* 西王特鋼國際貿易 (濱州) 有限公司。

* *For identification purpose*

Reporting Principles

With the objective to provide relevant contents and quality information for decision making by stakeholders, the following reporting principles have been adopted in the preparation of this ESG Report.

Materiality: relevant and important ESG information to stakeholders is identified and covered. A materiality assessment including stakeholder engagement has been conducted to determine the relative importance of different ESG issues, and the corresponding results are disclosed in the Stakeholder Engagement and Materiality Assessment Sections.

Quantitative: quantitative information is provided, in respect of historical data are measurable and comparable with its ESG performance in the previous year. Relevant explanation is also provided to evaluate the effectiveness of the Group's ESG policies.

Consistency: unless otherwise specified, a consistent methodology is used in the preparation and presentation of ESG data to allow for a meaningful comparison of ESG performance over time.

Balance: objective information is provided, without selections, omissions and presentation formats that may inappropriately influence the readers.

Contact details

To continuously refine the Group's sustainability strategy, we welcome any feedback concerning this report and the Group's sustainability performance. If you have any questions regarding the report, please contact the Group and its contact details are set out as below:

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Or
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Email: tianli@xiwang.com.cn

ESG Governance Structure

The Group understands robust governance with clearly-defined roles and responsibilities within in the Group could build up the foundation of ESG management and strengthens the effectiveness on the oversight of ESG strategy. The Group is committed to upholding its corporate social responsibility and fulfilling stakeholder's expectations through solid ESG governance structure as illustrated in the chart below:

The Board

Takes the overall responsibility for the Group's ESG strategy and reporting, identifies, evaluates ESG risks and opportunities, oversees and sets strategic directions and targets, ensures effective ESG risk management and manages internal control systems are in place and reviews progress made against targets

The Management

Monitors ESG risks and provides confirmation to the Board on the effectiveness of ESG risk management and internal control systems

ESG Working Group

Comprises core members from different departments and is responsible for implementation and formulation of ESG strategy. The ESG Working Group implements ESG policies and initiatives, monitors ESG risks and impacts and sustainability trends, evaluates existing ESG policies and reports to the Board on the Group's sustainability performance regularly

The Board has overall responsibility for ESG strategy and reporting of the Group. It identifies, evaluates and manages ESG risks and opportunities, and subsequently overseeing and setting up strategic directions and targets for the Group in relation to business and operation needs. The Board is also responsible for ensuring that appropriate and effective ESG risk management and internal control systems are in place. Meanwhile, the management of the Company (the "**Management**") monitors ESG risks and provides confirmation to the Board on the effectiveness of risk management and internal control systems. The ESG working group is comprised of key managerial personnel including the CEO and CFO of the Company, as well as representatives of different business operation teams, the ESG working group is responsible for assisting the Board and the Management in managing ESG issues. It executes the ESG strategy formulated by the Board through implementing different ESG policies and initiatives into business operations. Besides, the ESG working group assists the management in constantly monitoring the ESG risks and impacts of the Group, as well as recent trends in sustainability. It holds meeting at least once a year to evaluate the effectiveness of existing ESG policies and identify improvement opportunities, while coordinating any necessary follow up actions. The ESG working group reports to the Board directly and regularly on the Group's sustainability performance.

In addition, the Group's integral enterprise risk management framework has covered ESG risks, the internal audit department performs annual assessment on internal control systems of the Group to identify any potential deficiencies, and makes appropriate recommendations for improvement. A risk management task force has been set up to perform the annual risk assessment process.

Stakeholder Engagement

As an enterprise, who strive to fulfill its responsibilities the Group not only actively develops its business and improves its return, but also places high value on the relationship and communication with stakeholders and their expectation of our business and ESG matters.

Stakeholders	Communication method/channel	Key concerns	Action plans
Government	– Participate in discussion in the formulation process of relevant policies and industry standards	– Compliance with regulatory requirements, including policies related to COVID-19	– Monitor law and regulation updates, and strictly comply with all regulatory requirements
	– Propose initiatives and hold meetings when necessary	– Ensure production safety	– Follow the epidemic prevention requirements of the government, and protect the safety and health of employees
		– Support local economic and industrial development, and promote employment	– Strengthen safety management and ensure that the production processes comply with safety standards
		– Create job opportunities and fulfilling tax obligations in accordance with the law	– Create job opportunities
			– File tax returns timely and pay taxes in a full and timely manner
Shareholders and investors	– General meetings and other meetings	– Business strategies and financial results	– Convene general meetings regularly, and actively listen to the views and needs of shareholders and investors
	– Publish annual/interim reports, announcements and circulars	– Information disclosures and risk control	– Release operating data and financial results in due course
			– Assess corporate risks regularly and formulate responding plan

Stakeholders	Communication method/channel	Key concerns	Action plans
Employees	– Training and orientation	– Reasonable salary and welfare	– Work out competitive remuneration system and provide fair career development path
	– Regular performance appraisal	– Employee promotion and development	– Provide regular vocational training and establish a platform for the career development of employees
	– Employee caring activities	– Care for employees	– Listen to employees' feedbacks through various channels
		– Occupational health and safety	– Arrange specific operational training
Customers	– Company website	– Safety and quality of products	– Strictly control products' outgoing indicators
	– Direct communication with customers	– Delivery and after-sales service	– Enhance the quality of pre-sales and after-sales services
	– Customers feedbacks and complaints		– Immediately follow up and handle customer complaints and improve product and service quality

Stakeholders	Communication method/channel	Key concerns	Action plans
Suppliers	– Communication meetings and telephone discussion	– Environmental protection, qualification and scale	– Establish open and transparent tendering system, and provide equal competition opportunity to suppliers
	– On-site inspection	– Fair and transparent procurement process	– Build a platform for communication with suppliers, and facilitate the cooperative development with suppliers in a proactive manner
		– Good relationship with the Group	– Check on the qualification of suppliers regularly, and monitor market supply and demand closely
		– Supply chain management, and market supply and demand	
Peers and industry associations	– Industry conferences	– Experience sharing	– Actively attend industry conference and organise site visits
	– Site visits	– Cooperation	
		– Fair competition	
Community	– Media publicity and reports	– Corporate social responsibility, support social welfare	– Actively participate in community welfare activities
	– Participate in community welfare activities	– Provide employment opportunity	– Create job opportunities

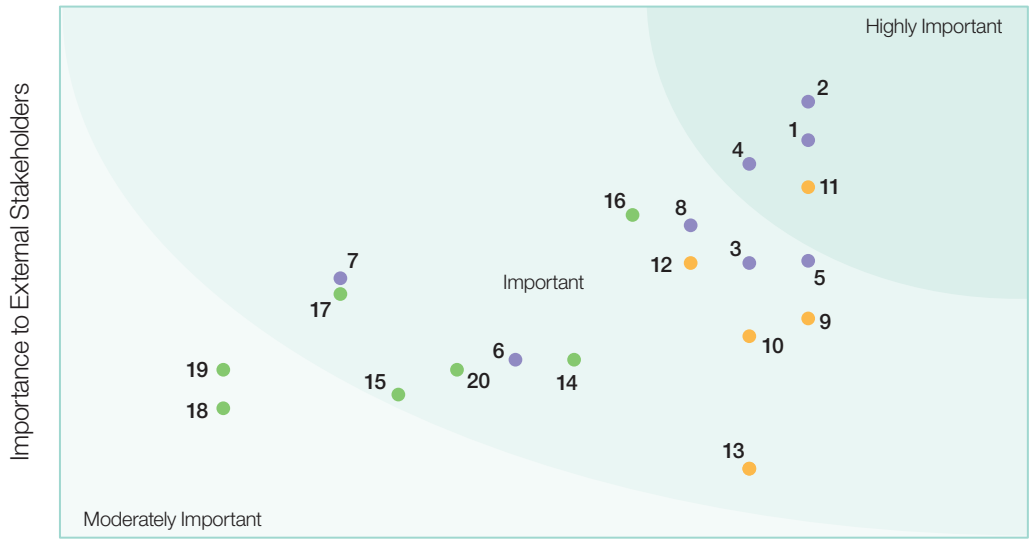
The Group will continue to engage both internal and external stakeholders, listen to them and provide updates to them on our ESG policies and progress.

Materiality Assessment

The Group has identified ESG issues that may have potential impacts on its sustainable development from various sources, including issues identified and included in the Group's internal policies, and some reflect by industry trends, the areas of ESG concerns raised by the Group's stakeholders are set out above.

A total of 20 issues were identified by our ESG working group and subsequently ranked by our key stakeholders. The final results are mapped into a materiality matrix as shown below. Out of which 4 issues are classified as highly important, 14 issues are classified as important and the remaining 2 issues are classified as moderately important.

Materiality Matrix



Material Issues

1	Supply Chain Management	9	Human Rights	14	Air Pollution
2	Service Quality	10	Equal Opportunity and Diversity	15	Waste Management
3	Value Chain Standards	11	Workplace Health and Safety	16	Climate Change
4	Data Privacy	12	Training and Development	17	Use of Energy
5	Anti-Corruption	13	Prevention of Child Labour and Forced Labour	18	Use of Water
6	Fair Competition			19	Noise Pollution
7	Community Investment and Involvement			20	Greenhouse Gas and Air Emissions
8	Compliance				

The Group confirms that it has established appropriate and effective management policies and monitoring systems relating to ESG issues, and that contents disclosed in this ESG Report comply with the requirements of the ESG Reporting Guide.

HUMAN RESOURCES

1. Employment and Labour Standards

A. Employees

The Group upholds the business philosophy of "Health, Integrity, Hardship and Happiness", stresses on a people-oriented and harmonious development, and focuses on maintaining and safeguarding employees' rights and interests. The Group abides by the employees' standards, providing them with a pleasant work environment, competitive salary and benefits and a reasonable promotion path, which nurture its healthy, pragmatic, innovative, hardworking and enterprising staff members.

The Group fully recognizes the importance of talent introduction. In order to facilitate the transformation and advancement of its products, the Group specifically hires senior metallurgical technicians from large steel enterprises to set up product research and development teams and enhance its technological research and development capabilities. At the same time, the Group visits major colleges and universities to recruit talents in specific disciplines, such as metallurgical materials and metal machinery and adopts a college-enterprise cooperation model, which strengthens its foundation, broadens its market, upgrades the overall education levels of staff members, and provides quality human resources for further transformation and upgrade of the enterprise.

In order to cultivate its own talent team, on the basis of last year's assessment, the Group continued to carry out basic management improvement projects, actively promoted the skill assessment of key technical positions, and assessed 11 professional and technical leaders in 2021. The Group cooperated with the Institute of Metal Research of Chinese Academy of Sciences to carry out the Xiwang Special Steel Engineering Master Training Course of the Institute of Metal Research of the Chinese Academy of Sciences, and trained 8 on-the-job postgraduate students. The Group organized the selection of the four-level talent pool of Special Steel Company, selected 255 reserve talents, and built a team of loyal enterprises, passionate and innovative reserve talents.

An effective salary incentive mechanism has been established to stabilize and retain the talents needed by the Group, allowing employees to share the profits from the development of the Group. In accordance with the relevant national and regional laws, regulations and the relevant management systems of the Group, a salary management mechanism based on job performance with various means of allocations was established to guarantee the realization of employees' value.

Takes "efficiency" as priority, the Group conducts assessments based on indicators such as the profit margin etc. All employees contribute to the Group's profitability performance. The key performance indicators assessing the performance of production staff are the production volume, quality and safety of products, while that of other functional management departments are the individual key performance indicators, capabilities, behavior and attitudes. At the same time, the remuneration of all employees is linked to the operating profits of the Group so as to promote employees' awareness of increasing efficiency and create income, and shares corporate profits and benefits.

In accordance with the principle of "openness, fairness, and impartiality", the Group has formulated "Regulations for Promotion of Junior Management Personnel". To select junior management personnel, comprehensive evaluation is conducted in various ways such as open position competition, equal competition, recommendation by seniors, and self-nomination. A clear and smooth promotion path is in place, which is subject to the supervision of all staff members and is incentive-oriented, to encourage career advancement.

The Group strictly implements the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China", the "Social Insurance Law of the People's Republic of China", the "Law of the People's Republic of China on the Protection of Rights and Interests of Women" and other national laws and regulations, and has established relevant measures, such as "Employees Recruitment Management System", "Remuneration Management System", "Employees Leave Management Measures", "Social Security Management System" and "Employment Contract Management Measures". The Group standardizes the process of recruitment, appointment, selection, assessment and leave-taking of employees, etc. through various management policies.

The Group strictly follows the requirements of relevant laws, regulations and policies on national and local social insurance by paying the social insurance contributions and mandatory provident fund for all staff in full and on time to protect their rights and interests. As of 31 December 2021, the Group had a total of 3,459 (2020: 3,712) employees, including 136 (2020: 134) management personnel and 315 (2020: 477) technicians. In terms of education level, 1,148 (2020: 1,158) employees are tertiary educated or above.

The detailed employment information is as follows:

	As at 31 December 2021 Total
Total workforce	**3,459**
Breakdowns by gender	
Female	**378**
Male	**3,081**
Breakdowns by age	
< 25	**229**
26-30	**116**
31-35	**1,061**
36-40	**810**
41-45	**635**
> 45	**608**
Breakdowns by employee type	
Full time	**3,459**
Part time	**0**
Breakdowns by geographical location	
The PRC	**3,457**
Hong Kong	**2**

As shown from the staff composition, the Group's staff tend to be younger, with higher education level, are engaged for a length of service of 3 years or above, possesses certain particular work experience, and boast strong creativity and productivity.

Employee turnover rate structure

The staff turnover number and percentage in 2021:

	2021 Number of employees	**2021 Percentage**	2020 Number of employees	2020 Percentage
Gender profile				
Male	**85**	**96.6%**	95	96.9%
Female	**3**	**3.4%**	3	3.1%
Age profile				
Under 35 years old	**63**	**71.6%**	58	59.2%
Aged 36-50	**25**	**28.4%**	40	40.8%
Education level				
Below technical school	**71**	**80.7%**	73	74.5%
Tertiary or above	**17**	**19.3%**	25	25.5%
Length of services				
Less than 3 years	**61**	**69.3%**	59	60.2%
3-5 years	**20**	**22.7%**	32	32.7%
Over 5 years	**7**	**8%**	7	7.1%
By district of domicile				
In Zouping	**80**	**90.1%**	75	76.5%
Outside Zouping	**8**	**9.9%**	23	23.5%
Total	**88**	**100%**	98	100%

B. Health and Safety

In order to better manage occupational safety and health works, the Group strictly implements the Production Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, the Fire Control Law of the People's Republic of China, the Regulations of Shandong Province on the Obligations of the Safety Production Main Body of Production and Operation Entities, Production Safety Regulations of Shandong Province and other national or local laws and regulations.

During the Reporting Period, the Group had no safety accidents of large level, had no new cases of occupational illness., The occupational illness reporting rate, on-site detection and evaluation rate of occupational hazard factors and employees' occupational health checkup rate were 100%. A series of activities including risks rating control, examination and management of hidden hazards, safety emergency drills, safety education for all staff, monitoring and management of key hazards, contest on safety knowledge and activities on "learning about the procedures and avoiding three violations" were continuously held to manage and eliminate hidden hazards of production safety, which have achieved good results and provided strong back up for the realization of business objectives.

Comprehensive emergency drill for gas tanks

Promotion of safety knowledge

To avoid the incidence of occupational illness, in terms of system, a sound occupational health and safety management system is in place, occupational health safety management system certification has been awarded, and secondary safety standardization review and dual prevention system assessment has been passed. In respect of the process, each staff member is regularly provided with a series of protective equipments including uniform, shoes, helmet, mask and gloves. At the same time, workshops are furnished with necessary emergency medicine. In respect of the prevention, the Group held occupational health body check and occupational hazard factor detection on an annual basis, continuously improves the on-site working environment, and regularly conducts occupational health training for employees to continuously enhance the self-protecting capability and safety awareness of staff members against occupational hazards.

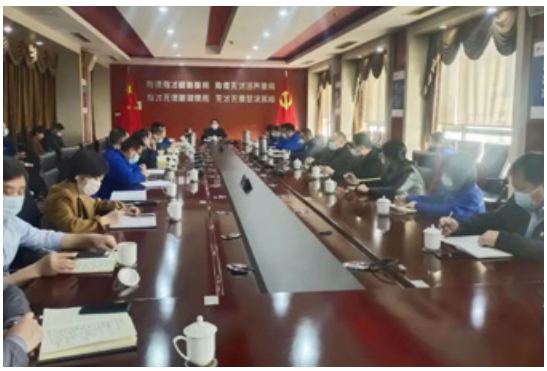
Optimize the safe production accountability system and enhance the strength of implementation of responsibility, the keys to safety management are implementation of responsibility. The Safety Division of the Group has therefore signed the "Responsibility Letter of Safe Production Objectives Management" which covers every aspect of operations and every staff member of the Group. The Group further ascertained the responsibility of main bodies for safe production at each level and strictly upheld the principles of "the head of a production unit is the first responsible person of safe production", "responsibility falls on the person-in-charge" and "three management measures and three must to-dos" to strengthen the responsibility assumed by main bodies for safe production at each level. The Group has organized, guided and supervised various departments to continuously carry out special examinations on safe production and occupational health according to their respective actual production situations. Safety inspection and supervision of production plants were conducted daily, with a total of 75 (2020: 76) safety supervision orders issued and more than 1,360 (2020: 1,160) hidden safety hazards rectified.

Employees Health and Safety Data Indicators	**2021**	2020
Person-times of safety production training	**3,459**	3,543
Specific training for all employees	**3,459**	3,543
Number of job-related deaths	**0**	0
Percentage of work-related fatalities to total workforce (%)	**0**	0
Lost work days as a result of work-related injury	**0**	0

Measures in Response to COVID-19

In face of the COVID-19 epidemic, the Group strictly complies with the requirements of deployment by the superior Party committees, and government departments with our thoughts unified and actions being taken responsively to keep abreast of the new changes and new characteristics of the epidemic optimize and adjust the epidemic prevention and control strategy and methods timely, in order to coordinate the epidemic prevention and control as well as safe production with scientific allocation on the basis of unwavering efforts in pandemic prevention and control.

Especially since the latest wave of outbreak of the epidemic, the Group has promptly initiated work plans and implemented epidemic prevention and control efforts in accordance with the requirements of deployment by both the superior Party committees and government departments and the thematic meetings on epidemic prevention and control in a timely manner. We have established a leading group for epidemic prevention and control, with its functionalities into full play by convening epidemic analysis meetings every morning to summarize and advise the work on epidemic prevention and control. At the same time, the Group enhances its supervision and examination through the daily on-site inspection with respect to the implementation situation of the prevention and control measures by the working committee of epidemic examination. Issues are being indicated and rectified upon discovery, and being reported and handled timely, so as to duly raise the prevention and control awareness of the lead cadres and staff as a whole.



The leading group for epidemic prevention and control promotes the latest situation and prevention and control requirements of the epidemic to all of the employees through various channels such as the WeChat official account, WeChat groups, offline coordination conferences and phone calls. On the basis of close-circuit management of the industrial park, stringent disinfections are carried out in the workplaces, with regular disinfections being carried out in areas such as office areas, industrial areas and operating areas. Nucleic acid testings for all staff are being organized scientifically and efficiently on a regular basis. A strict filing and approval system is being implemented for the personnel entering or exiting the factories, for the stringent execution of "two points, one stroke" for the staff and vehicle management. Management and control for external construction workers are executed rigorously, with the commencement of the "First Class on Safe and Epidemic Prevention" as well as promotion of policies and requirements, and confirmation upon signing. Comprehensive disinfections would be carried out for external vehicles uploading and unloading goods before entering the factories, with the drivers required to stay inside the vehicles for the whole process and the operating staff of the Group will be entrusted to handle relevant formalities. Collective dining-in in the canteen is cancelled, and a take-away system for employees is being implemented. Gatherings of employees and collective activities are reduced, and both the number of meetings convened and the time spent on meetings have decreased. Convening meetings via video calls or phone calls is advocated. The Group activates internal investigation mechanism, for the comprehensive and details investigation for employees one-by-one. Classified management and control, as well as the principles of "stay indoors unless necessary" and "no gatherings unless necessary" are being implemented stringently. Sufficient resources for epidemic prevention and control are proactively prepared.

The Group strictly implemented the normalized epidemic prevention and control measures, to ensure the smooth operations of production and business and the health and safety of its employees.

C. Development and Training

Development and training is one of the key factors for the Group's success. During the Reporting Period, to satisfy the development needs of staff at various levels of the talent team, the Group constantly carried out trainings for the improvement of foundation management, actively drove forward skills assessment of key technical positions on the basis of 2020 review. Through implementation of a management model comprising dynamic tracking and bottom-line elimination on the assessed 300-technician team, 25 new assistant technicians completed the evaluation and defense, and 11 professional technician leaders were finally assessed in 2021.

Overview of Works of Professional Technician Leaders

Technical marketing training class for sales system

During the Reporting Period, the Group planned to organize 146 sessions and actually organized 147 sessions of training involving all departments, with a completion rate of 100.6% and 10,499 participants and 414 course hours in total. The training covered operation and management, safety management, environmental management, job skills, equipment management, process technology, etc. In response to the management needs, the Group further refined the departmental training content requirements, fully considered the management needs and employees' needs, combined with the actual management, and at the same time satisfied the systematic operation requirements and the requirements of the safety and environmental protection supervision and management departments on corporate training, so as to promote the further standardization of training work.

In order to thoroughly implement the work requirement of "establishing a talent team", the Group encouraged staff to study professional knowledge and inherit the technician spirit. On the basis of the cooperative training last year, in 2021, the Group continued to cooperate with two vocational and technical colleges, namely Binzhou Technical College (濱州市技術學院) with which it held the "Golden Blue Collar Training Course" and Luzhong Vocational College (魯中職業學院) with which it organized the "New Enterprise Apprenticeship System" training. A technician team with solid theory and strong skills has been formed.

Opening Ceremony of 2021 Golden Blue Collar Training Course

Signing Ceremony of School-Enterprise Cooperation between Lubei Technician College and the Group

For training of new staff, the Group constantly carried out apprentice activities, encouraging outstanding staff to play a role in mentoring. One-to-one assistance was provided to new staff in terms of safety, skills, life, and other aspects. When becoming a regular employee, staff would be assessed in respect of their knowledge that should have been known and understood, practice skills, capability and attitude. During the Reporting Period, 164 employees passed the assessment by way of mentor grading in teaching, which effectively improved the retention rate of new staff after being employed.

"King Program" training trainees outdoor development

Inspector and Tester Certificate of Special Equipment

In terms of external training, the Group further standardized the organization and management of external training in the management process, and increased the review and tracking of external training. During the Reporting Period, based on the needs and management needs of various departments, the Group made full use of external lecturer resources, and the system management consulting unit carried out "management system series training" to introduce advanced management concepts and promote the strategic management thinking of management personnel. During the Reporting Period, the staff from the Internal and External Quality Control Department and the Large Rod Plant participated in the special equipment non-destructive testing training. Two of them were awarded the First-level and Second-level "Inspector and Tester Certificate of Special Equipment of the People's Republic of China" respectively, which added new impetus to the quality testing and quality acceptance of the Group's products. In addition, the Safety Department organizes certification training for special operators, and the Operation Improvement Department participates in the training of confidentiality units.

The idea of "competitions as trainings" was implemented, and four employees of the Group won the first prize and the third prize in the first employee vocational skills competition in Zouping City. Among them, Shi Youhui, the electrical director of the steel mill, won the first prize in the comprehensive skill project of electrician; He Jianli, the automation engineer of the smelting plant, won the third prize in the comprehensive skill project of electrician; Ding Zongwei, the maintenance team leader of the furnace factory, won the third prize in the welding project; Zhang Wenting, the chemical inspector of the quality control department, won the third prize in the chemical inspection project. After the competition, the personnel fully exchanged and shared the results of the competition, found their own shortcomings and breakthroughs while gaining experience, strengthened theoretical learning in subsequent work, expanded the scope of theoretical knowledge based on their own work, strengthened team cooperation and cooperation, and improved the psychological quality and on-site adaptability of the competition, so as to improve the skill level.

We continued to enhance college-enterprise cooperation. In September, the Group successively welcomed more than 120 teachers and students from the Shandong University of Science and Technology to participate in a ten-day exchange study. The Group made reasonable arrangements for the pairing units to provide suitable practical positions for students, and arranged professional technicians to give on-site explanations and hands-on teaching. Through visits and practices, students truly feel the cultural heritage and broad development prospects of Xiwang Special Steel. They hope to join the big family of Xiwang Special Steel after graduation and realize their own life value on this big platform.

Award ceremony of the master of engineering programme

Exchange study for teachers and students from the Shandong University of Science and Technology

In 2021, the relevant indicators of the participation in training of the Group's staff are as follow:

Categorized by staff gender

2021	**Total person-times**	**Percentage**	**Average training hours per person**
Female	**1,358**	**12.9%**	**37 training hours**
Male	**9,141**	**87.1%**	**29 training hours**

Categorized by staff type

2021	**Total person-times**	**Percentage**	**Average training hours per person**
Senior management	**147**	**1.4%**	**22 training hours**
Middle management	**919**	**8.7%**	**38 training hours**
Junior management	**2,825**	**26.9%**	**59 training hours**
Junior employees	**6,608**	**63%**	**25 training hours**

In 2020, the relevant indicators of the participation in training of the Group's staff are as follows:

Categorized by staff gender

2020	Total person-times	Percentage	Average training hours per person
Female	2,200	9.6%	47 training hours
Male	20,735	90.4%	39 training hours

Categorized by staff type

2020	Total person-times	Percentage	Average training hours per person
Senior management	150	0.6%	62 training hours
Middle management	850	3.7%	53 training hours
Junior management	2,316	10.1%	47 training hours
Junior staff	19,619	85.6%	29 training hours

D. Labor Standards

All employees of the Group are located in the PRC and there has been no breach of the Labor Law or any other applicable standards and regulations during their employment. Salary, overtime pay and benefits are based on local minimum (and maximum) standards. 100% of the Group employees are full-time employees and there are no part-time employees. The Group strictly complies with the Provisions on the Prohibition of Using Child Labor (《禁止使用童工規定》) and Provisions on Special Protection for Juvenile Workers (《未成年工特殊保護規定》) issued by the State Council of the PRC, with the adoption of effective measures to examine the actual ages of the employees while induction, to ensure that they are generally aged between 18 and 45, with special employees aged between 45 and 60. Any form of child labor or forced labor is forbidden in the Group. The Group duly complies the Labor Law of the People's Republic of China (《中華人民共和國勞動法》). All of our employees must be recruited on the principle of voluntariness. Detention and forced labor are strictly prohibited and to make sure that the personal freedom and personalities of the employees would not be violated. The Group adheres to an open, fair and impartial recruitment procedure on the principles of equal competition, merit-based selection and priority to internal candidates, which enables its human resources system to be more scientific and reasonable.

The Group implements an 8-hour working day system and its production frontline staff are on 3 shifts. The Group strictly complies with the national statutory holidays and the day-off system stipulated by the Group in order to safeguard employees' proper working hours and rest days.

The Groups creates equal and diversified employment opportunities during the recruitment and selection process, and is determined to forbid discrimination based on the race, color, religion, gender or nationality of its employees, and thereby resulting in differential treatments in terms of remuneration, term, tenure, working conditions and employment rights. Any forms of discrimination against female employees, especially pregnant female employees, are strictly prohibited.

"The Law on Employment Contracts" is strictly complied with and employment contract is entered into with each staff member on their joining day. Contributions into basic pension insurance, basic medical insurance, unemployment insurance, injury insurance and maternity insurance are paid according to the laws. Financial gains of the Group are shared with the staff, contributing to harmonious labor relations.

For timely identification of problems in the Group, the Group conducts staff satisfaction survey, sets up employee opinion mailbox, collects constructive advices and opinions from employees, and allows employees to participate in the Group's management to enhance employees' sense of participation and satisfaction. The Group regularly gives feedback to departments on the advices or opinions raised by employees, follows up and formulates rectification measures, and publicizes the progress of rectification.

2. Business Management

A. Supply Chain Management

The Group has adopted the "Procurement Management Procedure or Manual" in accordance with the Contract Law of the People's Republic of China, the Bidding Law of the People's Republic of China, the Special Equipment Safety Law of the People's Republic of China, the Regulations on the Safety Administration of Dangerous Chemicals and other laws and regulations, which specifies the criteria for selecting suppliers, including (1) A good track record in the industry, with financial statements available. Priority for inspection will be given to suppliers which have continuous business performance with large steel factories; (2) Units with solid financial strength. Registered capital ranking the top 10 in the industry is one of the conditions of priority inspection. (3) Suppliers recommended by other steel factories. The Group considers factors including credit standing, service quality and delivery time after consulting steel factories that the Group has close relationship with. Before making the formal selection, the prospective supplier is asked to provide a sample for examination or trial to ensure the good quality of the parts supplied and site visit to the supplier will be conducted to confirm its delivery capability, the soundness of quality assurance system and financial strength etc.

The e-commerce platform was constantly optimized. Suppliers meeting the Group's conditions are managed in a centralized manner by setting up a procurement and trading platform on which Group price inquiry, tender invitation and signing of procurement contract are conducted. Suppliers' services are tracked throughout the procurement process for monitoring and evaluation of the suppliers based on their financial strength, delivery capability, advance payment capability, quality of delivery, contract performance, after-sales service and business integrity. The evaluation results determine whether the prospective suppliers meet the entry requirements, according to which a "contract supplier register" is established. Finally, suppliers not meeting the requirements will be disqualified. As at December 2021, there was a total of 1,193 suppliers, 48.4% of which are located in the Shandong Province and 51.6% outside Shandong Province.

The Group continues to improve its supply chain management and quality of the supplier team. In order to serve the cause of stable production and to enhance cost effectiveness, the Group has established a communication system with suppliers and conducted benchmarking against outstanding enterprises in the industry. Supply-chain related environmental protection laws, quality management system requirements and industry entry standards formulated by the government and applicable to the Group are all incorporated into the procedures for the entry and dynamic management of all its suppliers. The survival of the fittest principle is applied in the Group's selection of suppliers in order to prompt suppliers to enhance their compliance and competitiveness, which enables the Group to further prevent social and environmental risks relating to the supply chain.

B. Product Responsibility

1. Maintenance and Protection of Intellectual Property

The Group strictly complies with laws and regulations such as the "Trademark Law", the "Patent Law", the "Copyright Law", the "Law against Unfair Competition", the "Foreign Trade Law" and the "Intellectual Property Law". In the continuous pursuit of innovation and excellence, the Group restlessly enhances its development, use and protection of intellectual properties. The value of proprietary intellectual properties are fully leveraged when the Group expands markets at home and abroad and adjusts the industry structure, which effectively enhance the Group's core competitiveness. Up until now, the Company's subsidiaries has successively won a number of honours, such as the first prize of China Invention and Entrepreneurship Innovation Award (Xiwang Special Steel Company Limited* 西王特鋼有限公司 ("**Special Steel**")), the "Top Ten" Industrial Technology Transformation Project of Binzhou City (Xiwang Metal Science & Technology Company Limited* 西王金屬科技有限公司 ("**Metal Science & Technology**")), Major Patent Award of Binzhou City (Metal Science & Technology), First Prize of Technological Advancement of Binzhou City (Special Steel and Metal Science & Technology), First Prize and Greatest Investment Value Award in the Shandong Province Science and Technology Workers Innovation Competition (Special Steel), China Industry-University-Research Institute Collaboration Innovation Achievement Award (Special Steel), China Scientific and Technological Invention in the Machinery Industry First Award (Special Steel), and National Advanced Collective Entity in the Steel Industry (Special Steel); the Group has become a special material mobilization center unit in East China, being the only steel enterprise in Shandong Province that has been named as a national economic mobilization center (Special Steel) and received such title, and is a major military-civil fusion enterprise focused by the government; the Group has become a member of the Metallurgical Professional Committee under the China Intellectual Property Development Alliance (Metal Science & Technology); the Group obtained 33 scientific and technological innovation achievement identifications and evaluations for new products, applied for 145 invention and utility model patents, and was granted 125 invention and utility model patents. Utilizing the advantage that the "National Standard Special Steel Research & Development ("**R&D**") Workstation, the Group held and participated in 51 amendments to national standards and industry standards, which facilities the conversion of new products and new technology into productivity with standards and guides the transformation and upgrade of the steel industry with standards. The Group participated in 1 key national R&D project of the Ministry of Science, 1 national foundation fortification project of the Ministry of Industry and Information Technology, 1 special implementation plan of strategic pilot science and technology project (Type C) of the Chinese Academy of Sciences, 1 Hongguang project of Chinese Academy of Sciences, and undertook 1 significant science and technology project of Shandong Province, 2 key R&D plan projects of Shandong Province, 1 central government-guided local science and technology development funding project of Shandong Province in 2021, 1 technology tackling project of Shandong Province and 1 key R&D plan project of Binzhou City.

First Prize of China Invention and Entrepreneurship Innovation

National Advanced Group of Iron and Steel Industry

Binzhou City "Top Ten" Industrial Technology Transformation Project

* *For identification purpose*

2. Quality Testing and Products Recall

As the Group attaches high importance to product quality, the Group has formulated and executed quality testing systems and relevant procedures for its products in accordance with the standards in the Product Quality Law of the People's Republic of China, the Standardization Law of the People's Republic of China, the Metrology Law of the People's Republic of China and its Rules for Implementation, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Regulations of the People's Republic of China on Certification and Accreditation and other laws and regulations. The Quality Test Center of Special Steel is certified by China National Accreditation Service for Conformity Assessment's national laboratory, and the test data are accurate and reliable. Special Steel stresses on the advanced management system and products system to strengthen its processes and systems. The certifications Special Steel obtained include ISO9000 Quality Management System, Armament Quality Management System, Certified IATF16949 Quality Management System, general hot rolled steel bar products certification of MCC (Beijing) Metallurgical Product Certification Centre Co., Ltd (中國中冶 (北京) 冶金產品認證中心有限公司), as well as LZ50 axle products certification and Supplier Qualification of CRRC Changchun Railway Vehicles Co., Ltd. (中車長春機車有限公司). Information management system of the Group was built by Baosight Software of Baosteel Group. A dedicated quality management and testing and laboratory system is embedded in the business management and control system which enables various functions including the applying of metallurgical specification and quality design to the process, automatic collection, transmission, determination, analysis of data and issuance of warranties and reports. Products are manufactured in the production process according to the metallurgical and product specifications in the information system and production is organized according to the standards established for each process. Those passing the appearance and performance indicators test will be automatically determined to be stored while the unqualified products will be subject to material blockade in the information system and be dealt with according to the "Unqualified Product Management System". No products sold or delivered has ever been recalled due to safety and health concerns so far.

National Laboratory Accreditation Certificate

Quality management system certification

IATF 16949 Certificate

3. Products and Customer Complaints

As the Group attaches great importance to customer complaints, it has formulated and strictly enforced the "Rules of Customer Service Management". In order to strictly manage customer information, since the launch of the Baoxin System (寶信系統), all customer information in the directory has been uploaded to the system. The information of all new customers was added by the staff of the Information Department to safeguard confidentiality. The level of permission to access the Baoxiu System is assigned in accordance with the job duties. In case of any violation of the rules or loss or leakage of confidential information, the persons concerned will be dealt with seriously,and their immediate superiors shall bear leadership responsibilities. The Group cares about the after-sales service and the feedback from customers on their use of products, and provides its customers with professional technical support. During the Reporting Period, there have been no significant litigations or complaints arising from the product quality and services.

As the Group puts much emphasis on the prevention of legal risks relating to the advertisement and promotion of products and services, it strictly complies with the Advertising Law of the People's Republic of China, the Regulations on Control of Advertisement, the Implementation Rules for the Regulations on Control of Advertisement, the Anti-Unfair Competition Law of the People's Republic of China and other laws and regulations. During the Reporting Period, there were no significant litigations or complaints arising from the advertisement and promotion of products and services.

C. Anti-corruption

There were no cases of corruption, bribery, fraud, illegal fundraising, or money laundering in the Company during the Reporting Period. In order to strengthen the supervision of staff members and combat financial crimes, the Group has established the Inspection Office directly managed by the General Managers. Staff members can report by mail, telephone or face-to-face meetings on any violations of laws and regulations which is detrimental to the Group's interest, including any breach and dereliction of duty, abuse of power and offering and acceptance of bribe as may be committed by various staff members of the Group. An online "Xiwang Forum" has also been established to allow the supervision of the Group by staff members' opinions online. In order to change the behavioral patterns of the management, the Group has introduced "Code of Ethics of the Management" and implemented five "Anti-corruption Declarations of the Management", so as to eliminate corruption among the management.

Whistle-blowing Mechanisms

The Group attaches great importance to the integrity and honesty of our employees. To enable the reporting of suspected misconducts, we have set up a whistle-blowing channel for our employees in which all reported cases will be handled with strict confidentiality to safeguard the interests of the reporters. We will regularly review our policies and procedures to ensure they remain effective in detecting and preventing corrupt practices, while complying with relevant laws and regulations including the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong), Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong) and the Anti-money Laundering Law of the People's Republic of China. During the Reporting Period, we were not aware of any concluded legal cases regarding corrupt practices brought against the Group or our employees.

3. SOCIETY

A. Social Responsibility

As part of its commitment to social responsibility, the enterprise has assumed more social responsibilities, made further contributions and served the society while growing its business.

1. Environmental Protection

The Group adheres to the environmental protection philosophy of "saving energy and reducing consumption and waste, developing circular economy, and creating environmental-friendly Xiwang". The Group has strictly complied with the requirements of the "Environmental Protection Law of the People's Republic of China", "Law of the People's Republic of China on Prevention and Control of Air Pollution", "Law of the People's Republic of China on Prevention and Control of Water Pollution", "Law of the People's Republic of China on Prevention and Control of Soil Pollution", "Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution", "Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise", and the "Emission Standards for Air Pollutants in the Steel Industry" (DB 37/990-2019). The Group acted upon the "Opinion on Promoting the Implementation of Ultralow Emission in the Steel Industry" (Huan Da Qi [2019] No.35), and other laws, regulations, standards and local norms on environmental protection. Faithfully fulfilled corporate social responsibility and actively tackled the pollution created in the production process, the Group's discharge volume of major pollutants is lower than the special emission limits under the current standards of the State and Shandong Province. The execution of environmental management has significantly improved, with significant improvement in the appearance of the factories. The Group continuously contributes to improving the air quality. The Group's emission levels of sulfur dioxide, nitrogen oxide and PM10 all meet the national standards and requirements and the total emission of pollutants has continued to decrease.

The Group adheres to "Environmental Protection is the First Priority in Corporate Development" (企業發展、環保先行), with the goal of improving environmental quality and creating a beautiful environment. The Group continued to increase investment in environmental protection and comprehensive environmental governance. A number of intensive environmental control measures have been implemented, including sealed and closed storage of all raw fuels; adoption of heating selective catalytic reduction denitrification, desulfurization with lime and plaster desulfurization twin towers, high voltage double chamber and four electric field + wet electrostatic dust and particulates removal, de-whitening on smoke emission and residual heat utilization process technology for smoke emission of sintering machines, to achieve a ultra-low emission with the "five in one" feature (i.e. desulfurization, denitrification, removal of particulates, flue gas whitening and residual heat utilization). The average emission concentration per hour of particulates, sulfur dioxide and nitrogen oxide in flue gas was not higher than 10, 35, and 50 mg/m^3, respectively, which fully met the ultra-low emission standards of the steel industry; efficient Gore filter bags were used in other dust collectors for dust removal; cast Iron field of blast furnace was fully closed; dry dust removal method was used to recycle gas from both blast furnace and converter, which are equipped with recycling systems for sintering residual heat and cooling steam in converters. Through deepening the organized emission control, strengthening the unorganized emissions control and implementing clean transportation, sintering, ironmaking, steelmaking and other bulk material transportation all achieved an ultra-low emission level. As the Group actively builds green factories, implements "Industrial Green Development Plan" (2016-2020) (工業綠色發展規劃 (2016– 2020年)) and "Green Manufacturing and Engineering Implementation Guide (2016-2020)", it was rated as a "Green Factory" (The Third Batch of Green Manufacturer List) by the Ministry of Industry and Information Technology.

The green area of the Group representing over 27% of its floor area

Ecological protection and green factory

2. Social Charity

With respect to charity work, the Group combines charity work with its business development strategies and spiritual development, and continuously enriches its development. The Group regularly conducts charitable donations from the staff and poverty alleviation activities for the underprivileged annually. Every year, staff also supports communities with difficulties including the disaster-stricken people, the out-of-school children and employees with financial difficulties by organising the "Donation of One day's Salary" activity, in which staff members donate more than their one day's average salary, in accordance with applicable laws. The atmosphere of charity is strong in the Group, with solidarity, harmony and mutual support among staff members. Open, equal, impartial and effective support is given to those with difficulty. Values of giving back to society, caring about charity, and sharing of social responsibility have been internalized in the "Code of Conduct" of the Group and have grown to become "self-initiated actions" of its staff members.

During the epidemic prevention and control period in 2021, the Group established a COVID-19 epidemic prevention and control steering group to fully take charge of the anti-epidemic work in the industrial park and employee communities. A person-in-charge accountability system was implemented to make thorough arrangement and dispatch, enhance inspection, and set up a strict system for joint prevention and control supported by all groups. The roles of Party organization and Party members as a fortress and vanguards, respectively, were fully performed as Party members, league members, cadres, employees and volunteers voluntarily joined the anti-epidemic community task force, under which disinfection, shift duty, garbage removal and other groups were formed to build a health "protective wall" for people in the communities.

Visiting employees in difficulties during the Spring Festival

The Xiwang Volunteer Team for Epidemic Prevention and Control

B. Caring for Employees

In order to enrich the spiritual lives of the management and staff members, motivate them to advance their careers and enhance cohesiveness and combat strength of the enterprise, the Group enhanced its care of its staff members in both hardware and software environments.

In terms of hardware environment, the Group provides a comfortable, bright, safe and healthy work environment, with amenities including dormitory, canteen, bathrooms, library, health office, badminton and table tennis courts, etc. for employees to enjoy a safe, reassuring and comfortable Xiwang Special Steel community.

Cozy and convenient staff dormitory

Safe and reassuring staff canteen

In terms of software environment, staff activities are regularly organized to promote exchanges, learning and growth of staff members, improve their physical and mental health, enrich their lives and inspire their creativity. Staff committee was established to organize regular meetings to listen to employees' opinions.

Working with non-local workers on New Year's Day

"Stay with the Party" choral competition to celebrate the 100th anniversary of the founding of the Communist Party of China

ECOLOGICAL COMMUNITY

The Group adheres to the environmental protection philosophy of "saving energy and reducing consumption and waste, developing circular economy, and creating environmental-friendly Xiwang" to protect the environment and give back to society.

Strictly fulfills the requirements of the "Environmental Protection Law of the People's Republic of China", "Law of the People's Republic of China on Prevention and Control of Air Pollution", "Law of the People's Republic of China on Prevention and Control of Water Pollution", "Law of the People's Republic of China on Prevention and Control of Soil Pollution", "Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution", "Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise", and the "Emission Standards for Air Pollutants in the Steel Industry" (DB 37/990-2019), the Group acted upon the "Opinion on Promoting the Implementation of Ultra-low Emission in the Steel Industry" (Huan Da Qi [2019] No.35), and other laws, regulations, standards and local norms on environmental protection. The Group's discharge volume of major pollutants is lower than the limits under the current standards of the State and Shandong Province.

1. Environmental protection performance

The Group strictly implements the philosophy of "Environmental Protection is the First Priority in Corporate Development" and continues to increase its investment in environmental protection and the relevant comprehensive control and management, with its efforts well recognized by the government and the community. The Group was honored with the title of "Green Factory" by the Ministry of Industry and Information Technology of the PRC and became an exemplary enterprise in terms of environment protection and governance in the industry. The Group successfully passed the review of ISO14001: 2015 environmental management system, ISO50001: 2018 Energy Management System and "Clean Production Review".

There were no major environmental and public pollution incidents in the Group during the Reporting Period. The safe use of radioactive sources and the disposal of hazardous wastes in compliance with regulations have eliminated environmental risks. The execution of environmental management has significantly improved, with significant improvement in the appearance of the factories; total emission of pollutants has continued to decrease and air quality has continued to improve, with the emission of smoke dust at 0.287 kg/ton steel, sulfur dioxide at 0.063 kg/ton steel and nitrogen oxide at 0.16 kg/ton steel, which are far below the emission levels of smoke dust at 0.6 kg/ton steel, sulfur dioxide at 0.8 kg/ton steel and nitrogen oxide at 1.2 kg/ton steel as required by the "Implementation Plan of Environmental Intensive Treatment of Steel and Iron Industry of Shandong Province" (Letter of Lu Environmental Office [2016] No. 159), as shown in Table 1:

Table 1: Comparison of Emissions of pollutants per ton of steel

2021

Type of pollutants	**National emission standards** (kg/ton steel)	**Actual emission of Xiwang Steel** (kg/ton steel)	**Reduction in emission** (kg/ton steel)
Smoke dust	**0.6**	**0.287**	**0.313**
Sulfur dioxide	**0.8**	**0.063**	**0.737**
Nitrogen oxide	**1.2**	**0.16**	**1.04**

2020

Type of pollutants	**National emission standards** (kg/ton steel)	**Actual Emission of Xiwang Steel** (kg/ton steel)	**Reduction in emission** (kg/ton steel)
Smoke dust	0.6	0.25	0.35
Sulfur dioxide	0.8	0.07	0.73
Nitrogen oxide	1.2	0.16	1.04

The Group continuously fulfills the requirements of environmental protection standards such as being green and low-carbon. The total emission of the three pollutants, namely particulates, sulfur dioxide and nitrogen oxide will decrease furtherly by 5% in the coming year on the basis of 2021; the examination on carbon emission would be commenced, and the carbon emission per ton would decrease year-by-year, in order to reach peak carbon dioxide emissions before 2030.

2. Sewage Permit

The Group passed the review of Binzhou Environmental Protection Bureau (濱州市環保局) in November 2017 and was first granted a sewage permit. In November 2020, the Group renewed its sewage permit as scheduled. The Group's total air emission limits are 1,454.548 tons/year for particulates, 920.713 tons/year for sulfur dioxide, and 1,944.59 tons/year for nitrogen oxide.

3. Intensive environmental treatment projects

A. Environmental protection investment

Since 2013, the total investment of the Group amounted to approximately RMB1.55 billion, and has implemented a number of intensive environmental treatment projects, resulting in the actual emissions of pollutants in various processes being far below the national special emission limits. The current operation costs of environmental protection is RMB180 (2020: RMB180) per ton steel.

B. Sintering process

To sinter the flue gas, the 360m^2 sintering machines of the Group have adopted technologies including heating selective catalytic reduction denitrification, desulfurization with lime and plaster desulfurization twin towers, high voltage double chamber and four electric field + wet electrostatic dust and particulates removal, de-whitening on smoke emission and residual heat utilization process technology, to achieve an effective ultra-low emission with the "five in one" feature (i.e. desulfurization, denitrification, removal of particulates, flue gas whitening and residual heat utilization). The effect is satisfactory, and it fully fulfilled the ultra-low emission standards of the steel industry. The Group is the first steel enterprise in the Shangdong Province to simultaneously achieve ultralow emission and de-whiten smoke emission in the steel industry.

Closed conveyors such as closed belts and corridors are used in the transportation of raw materials and fuel used in the sintering process and the transportation of ingredients, blends and finished products. Closed cover and dust removal facilities are equipped at the unloading and receiving points of conveyors while the existing dust removal facilities are upgraded to adopt the US Gore dust bags, which are currently of advanced international standards, for effective collection of smoke dust. The concentration of particulates is lower than 10 mg/m^3 (2020: lower than 10 mg/m^3).

Through deepening the organized emission control, strengthening the unorganized emissions control and implementing clean transportation, sintering, ironmaking and steelmaking and other bulk material transportation all achieved an ultra-low emission level, with concentration of pollutants emission stably lower than the national and Shandong provincial limit of air pollutant emission, as shown in Table 2.

Table 2:

2021

Production facilities	**Type of pollutants**	**DB37/990-2019 Emission Standards for Pollutants in the Steel Industry** (mg/m^3)	**Concentration of pollutants emission** (mg/m^3)
Sintering machine heads	Particulates	**10**	**4.87**
	Sulfur dioxide	**35**	**8.69**
	Nitrogen oxides	**50**	**32.7**
Sintering machine tails	Particulates	**10**	**3.98**

2020

Production facilities	**Type of pollutants**	**DB37/990-2019 Emission Standards for Pollutants in the Steel Industry** (mg/m^3)	**Concentration of pollutants emission** (mg/m^3)
Sintering machine heads	Particulates	10	3.6
	Sulfur dioxide	35	18.2
	Nitrogen oxide	50	37.3
Sintering machine tails	Particulates	10	2.84

C. Ironmaking process

In the blast furnace ironmaking raw material system, a closed design is used for storage tanks, coke troughs, trough transport equipment, shakers under ore and coke trough, belt conveyors and discharge ports for returning ore and coke, and weighing equipment for furnace ore and coke. Top suction hoods are equipped for outlets of cast iron, tanks and nozzles. A covered or closed design is used for iron and slag trenches while cast iron field of blast furnace is completely closed and configured with particulates collection and treatment measures. Existing dust removal facilities are upgraded and transformed to adopt the US Gore dust bags, which are currently of advanced international standards, for effective collection of smoke dust. The particulates concentration is lower than 10mg/m^3, which ensures that the concentration of particulates emission is stably lower than the national and Shandong provincial limit of air pollutant emission. All emission values of the ironmaking process are lower than the national and Shandong provincial limit of air pollutant emission, as shown in Table 3.

Table 3:

2021

Production facilities	**Type of pollutants**	**DB37/990-2019 Emission Standards for Pollutants in the Steel Industry** (mg/m^3)	**Concentration of pollutants emission** (mg/m^3)
Feed Launder Dust Removal in Blast Furnace	Particulates	**10**	**2.88**
Cast Iron Dust Removal in Blast Furnace	Particulates	**10**	**3.76**

2020

Production facilities	**Type of pollutants**	**DB37/990-2019 Emission Standards for Pollutants in the Steel Industry** (mg/m^3)	**Concentration of pollutants emission** (mg/m^3)
Feed Launder Dust Removal in Blast Furnace	Particulates	10	3.54
Cast Iron Dust Removal in Blast Furnace	Particulates	10	3.44

D. Steelmaking process

Dry-type electrostatic dust removal technology is used for primary flue gas of converters, and after the upgrade, the concentration of particulates is kept steadily below 20 mg/m^3. The facilities for secondary dust removal of converters, dust removal of refining furnace and dust removal of electric furnace are upgraded and reconstructed to adopt the US Gore dust bags, which are currently of advanced international standards, for effective collection of smoke dust. The particulates concentration is lower than 10 mg/m^3. Tertiary dust removal system of converter is constructed to eliminate the unorganized emission of smoke dust, and ensure there is no escape of smoke dust from workshops. The reconstruction of the feeding system for steel-making lime and lightburning dolomite effectively collects smoke dust, and the concentration of particulates is lower than 10mg/m^3, which ensures that the concentration of particulates emission is stably lower than the national and Shandong provincial limit of air pollutant emission. All emission values of the steelmaking process are lower than the national and Shandong provincial limit of air pollutant emission, as shown in Table 4.

Table 4:

2021

Production facilities	**Type of pollutants**	**DB37/990-2019 Emission Standards for Pollutants in the Steel Industry** (mg/m^3)	**Concentration of pollutants emission** (mg/m^3)
Primary dust removal of converter	Particulates	**20**	**8.5**
Secondary dust removal of converter	Particulates	**10**	**3.18**
Tertiary dust removal of converter	Particulates	**10**	**9.1**
Dust removal of electric furnace	Particulates	**10**	**2.63**
Dust removal of refining furnace	Particulates	**10**	**3.6**

2020

Production facilities	**Type of pollutant**	**DB37/990-2019 Emission Standards for Pollutants in the Steel Industry** (mg/m^3)	**Concentration of pollutants emission** (mg/m^3)
Primary dust removal of converter	Particulates	20	4.97
Secondary dust removal of converter	Particulates	10	2.73
Tertiary dust removal of converter	Particulates	10	3.7
Dust removal of electric furnace	Particulates	10	2.1
Dust removal of refining furnace	Particulates	10	4.88

E. Unorganized emission treatment

The Group has established an integrated platform for the management, control and treatment of unorganized ultra-low emission. The platform has five major functions, namely, unorganized monitoring, unorganized treatment, data research and reporting, unorganized treatment equipment and production equipment data management, as well as access control system and video surveillance system.

Unorganised monitoring: There are 5 modules of air quality micro-station emission, air quality micro-station monitoring ledger, total suspended particulate monitoring row, total suspended particulate monitoring ledger and monitoring equipment operation management embedded in the unorganized monitoring segment. It can realize the whole plant environmental control quality micro-station, total suspended particulate equipment operation status, data centralized management and analysis, and ensure that the whole plant environmental air quality monitoring micro-station and total suspended particulate information can be accessed, stored, inquired and relaunched in real time.

The unorganized treatment process: the module of unorganized treatment process is embedded in the one module of the unorganized treatment segment, which can realize the centralized management and presentation of information in the process of managing the fog cannon in the material yard, and ensure the whole process of treatment record, statistics, storage and inquiry before, during and after the identification, treatment process and treatment results of unorganized pollution in the whole plant, and ensure that all treatment process data records can be matched with each emission source and data interchanges.

Data research and reporting: The data research and reporting segment is embedded with four modules, namely Intelligent daily, intelligent weekly, intelligent monthly and alarm record. A smart report on the data of the whole plant's unorganized emission treatment process was prepared and presented in a centralized manner for easy reference and count.

Unorganized treatment equipment: there are 3 modules of dust collector ledger, operation ledger of spray dust suppression equipment and ledger of clean transportation vehicles embedded in the unorganized treatment equipment segment. It can effectively record the operation status of dust collectors, fog cannons and road sweeper. To achieve centralized review, storage, inquiry and playback of the above-mentioned operating condition parameters of the treatment equipment.

Production equipment data management: The production equipment data management segment is embedded with one module in a production equipment operation ledger. It can realize the centralized management and presentation of the information of the whole plant's production equipment, and realize the centralized record, statistics, storage and inquiry of the parameters of the operation of the whole plant's production equipment.

Access control and video surveillance systems: The control center would also manage and control 2 sets of access control systems and 182 sets of video surveillance systems. The video surveillance cameras can be recorded for 6 months.

Closed treatment of raw materials. Various kinds of raw fuel materials, such as iron ore concentrate, coal and coke powder, are all fully enclosed in the site, and dust suppression measures such as fog cannons are deployed in the sheds. The exit of the site is equipped with cleaning devices to clean the wheels and body of vehicles. Waste water generated from cleaning will be recycled after sedimentation. Ground and roads are hardened and the number of fixed sprinklers is increased, and wind and dust-proof nets are constructed.

Treatment of coke. Strategic partnership of coke supply was established and logistics management has been strengthened. Direct feeding of coke from the coking factory to the blast furnace feeding system has been achieved.

Treatment of iron ore. Production units are optimized to increase the direct proportion of sintering ingredients to iron ores. The amounts of sintering ore on the ground and secondary dust are reduced.

Cleaning of road surface. Five road sweepers, three water-spraying vehicles and one fog cannon dust-suppression vehicle were purchased for continuous cleaning, water spraying and dust suppressing on the road surface of factories to control road dust effectively.

Road vehicles management. Most of the vehicles and forklifts of the Group use new energy. Stagger shift of transport is strictly implemented during the warm season. The exits of the raw materials sites are equipped with vehicle cleaning devices.

F. Online monitoring

According to the requirements of the "Opinion on Promoting the Implementation of Ultra-low Emission in the Steel Industry" (Huan Da Qi [2019] No.35), online monitoring devices of advanced national standards have been installed in 16 monitoring points, including flue gas at the heads of sintering machines, dust removal at the tail of the machines, dust removal from ore tank and cast iron field of blast furnace, secondary dust removal of converters, dust removal of electric furnace and lime kilns. The Group established an online network with provincial, municipal, and county environmental protection departments as required for 24 hours online monitoring of pollutants discharge.

G. Greening of factory area

To create a green and ecological landscape, the green area of the Group is currently more than 27% (2020: 27%).

4. Comprehensive utilization of resources

A. Solid Waste Treatment

Treatment of slag of blast furnace

Slag produced during the ironmaking process of blast furnace is all grinded by mills to produce slag powder, which is used for industries such as construction.

Treatment of steel slag

Steel slag produced in the steel smelting process goes through a hot slag process. Magnetic filtered slag steel and steel granules are directly used for smelting again. Magnetic filtered steel slag is used for the production of slag powder, which is used as raw materials for sintering.

Recycling of dust ash

Dust ash containing iron is used again as raw materials for sintering. Pneumatic conveying and suction trucks are used in unloading and transport of dust ash to eliminate secondary dust pollution.

Hazardous waste disposal

The Group attaches high importance to the generation and disposal of hazardous wastes. All wastes produced were properly disposed of. For example, only companies with qualifications in handling hazardous wastes were engaged to handle hazardous wastes such as waste engine oil and oil drums produced in the production process of the Group. 144 tonnes of waste mineral oil were disposed of in compliance with regulations in 2021, and the compliant disposal volume per tonne of steel was 0.0514 kg; 59.90 tons of waste oil drums were disposed of in compliance with regulations, and 0.0214 kg per ton of steel was disposed of in compliance with regulations.

Measures for reducing hazardous wastes include: (1) improving mineral oil quality to reduce consumption; (2) enhancing management to prevent evaporating, emitting, dripping and leaking; and (3) increasing recycling of mineral oil.

Achievements in reducing hazardous wastes: with increasingly stronger enforcement of national environmental protection laws, more stringent requirements have been imposed on the treatment of waste mineral oil. Moreover, the Group's steel output during the Reporting Period increased significantly as compared with last year. Together with increased daily use, replacement or cleaning of production-related machinery or equipment due to enhanced daily inspections and maintenance as well as systematic furnace overhaul as the Group attached greater attention to safe production, the total generation of waste mineral oil increased. During the Reporting Period, 144 tons of waste mineral oil were disposed of in compliance with regulations, and 59.90 tons of waste oil drums were disposed of in compliance with regulations. The Group strictly implements relevant environmental protection requirements, and delivers hazardous wastes such as waste mineral oil and waste oil drums to qualified units for disposal, so as to reduce the impact on the environment.

Non-hazardous wastes disposal

In 2021, a total of 986,962.8 (2020: 1,117,489.6 tonnes) tonnes of blast furnace slag were produced, which were 423.0 kg per ton iron (2020: 425.2 kg per ton iron); and a total of 403,325 tonnes of steel slag, (2020: 345,533 tonnes of steel slag) were produced, which were 144 kg per ton steel (2020: 110 kg per ton steel).

Measures for reducing non-hazardous wastes include: (1) improving quality of raw materials, such as quality of lime and overall grade of blast furnace feed; and (2) enhancing smelting standards.

Achievements of reducing non-hazardous wastes

The output of blast furnace slag and steel slag decreased. At the same time, the blast furnace slag and steel slag produced by the Group were further processed as powder for use as construction raw materials.

With the above measures, we aim at keeping all hazardous and non-hazardous wastes intensities at 90% to 115% of the current levels.

B. Water recycling

Processing, cascade recycling and cycle utilization rate of cooling water generated from processes and equipments of the Group are all ≥95%. Waste water produced in the production process is collected and processed in a centralized manner, and the reclaimed water is subsequently used for slag flushing in blast furnaces and dust reduction in raw material sites. Waste water generated in daily lives is collected and transported to water treatment plant of the Group. The treated waste water is in compliance with the "Comprehensive Discharge Standards for Water Pollutants in River Basins – Part 3: Xiaoqing River Basin" (DB37/3416.3-2018) and its amendments. Some of the reclaimed water treated by the water treatment plant will be recycled to the Group for flushing slag in blast furnace and converters. Fresh water consumption was 1.86 tons per ton steel (2020: 1.87 tons per ton steel). In 2021, Metal Science & Technology Co., Ltd. was awarded as a water-saving benchmark enterprise in Shandong Province. The Group did not encounter any issues about sourcing water that is fit for purpose in 2021.

By continuing using the above equipment, we aim at keeping next reporting period's fresh water consumption cost at 95% to 110% of the current levels.

C. Coal gas recycling

Coal gas from both blast furnace and converter is recycled using dry dust removal technology to improve gas recycling rate. Recycled coal gas from blast furnace and converter is used internally for dry-heating of hot metal tank, steel ladle and intermediate ladle, heating of billet in heating furnace for steel rolling, hot-blast furnace and fume furnace of the coal injection system, and lime production by calcination in limestone kiln, or externally supplied to power plants for power generation.

D. Comprehensive utilization of residual heat

The steam generated from residual heat in sintering, electric furnace, converters and furnace for steel rolling, etc. will be completely fed into the main steam pipeline of the Group, for the use of the corn processing. Residual heat in blast furnace waste and waste heat from flushing slag of blast furnace and low-temperature flue gas will generate hot and cold water through the cooling and heating cogeneration project of the Group, which are used for production as well as heating in the office and the communities.

E. The consolidated electricity consumption in total was 368.84 kWh/ton steel (2020: 368.84 kwh/ton steel). By continuing using the residual heat, we aim at keeping next reporting period's consolidated electricity consumption per ton at 90% to 105% of the current levels.

F. The oxygen consumption in the steelmaking process was 59.54 m^3/ton steel (2020: 59.54 m^3/ton steel). By continuing use of technologies such as hot loading and hot conveyance of continuous casting billet, we aim at keeping next reporting period's oxygen consumption in the steelmaking process per ton at 90% to 105% of the current levels.

5. Reduce energy consumption and carbon emissions

Established an energy management system, the Group has set up an energy management department which is responsible for the overall energy management of the Company and for implementing a threetiered management system, namely "The Company-Energy Management Department-Production Plant" system.

High-performance, energy-efficient and environment-friendly technology and equipment are used in project construction. The Group aggressively develops a circular economy by combining the industrial features of intensive corn-processing business of the Group with that of the steel production industry, and achieved a comprehensive utilization of resources such as steam, water and gas to form a unique external and internal recycling system.

In terms of raw materials, the Group only uses high grade and low sulfur imported iron ore powder with low content of hazardous elements from Brazil and Australia, and a small amount of domestic iron ore powder in order to raise the quality of sinter and feed materials of blast furnace, to lower the water content of coke fed into blast furnace and to reduce energy consumption.

In terms of technologies, thick layers sintering, hot air sintering, mixture pre-heated by high-temperature steam, and steam generated by residue heat of smoke of sintering flue and ring cooler are applied to reduce energy consumption in the sintering process.

For blast furnace, the Group uses high furnace top pressure, high temperature, high injection of coal, high content in oxygen, use of residual heat from flushing water of blast furnace and blast furnace gas top pressure recovery turbine unit technology to improve utilization rate of blast furnace gas and reduce energy consumption in blast furnace process. The use of one single tank of molten iron from start to finish in blast furnace increases the physical heat in converters. The system is optimized and smelting technologies with less slag are used to lower energy consumption in converters. Energy consumption is reduced by the use of technologies such as hot loading and hot conveyance of continuous casting billet, dual regenerative heating furnaces for steel rolling and recycling of water.

During the Reporting Period, the government had not yet conducted any greenhouse gas inspection for the year of 2021, and the total greenhouse gas emission in 2021 is 4,619,997 tons (2020: 5.663,137 tons) carbon dioxide equivalent, corresponding to 1.65 tons (2020: 1.81 tons) of carbon dioxide equivalent emission per ton of steel, according to a rough calculation. The Group strictly complies with the Interim Measures for the Administration of Carbon Emission Permit Trading (Order No. 17 of the National Development and Reform Commission of the People's Republic of China) and other relevant regulations to control carbon dioxide emissions.

With the above measures, we aim at continuing complying the regulations to control carbon dioxide emissions and maintain the carbon dioxide emission level at 90% to 115% of the current levels in the next reporting period.

The Group was not involved in any issues about packaging materials used in finished products during the Reporting Period.

6. Formulate emergency plans for environmental pollution to ensure environmental safety

The Group attaches great importance to environmental safety. In order to prevent the occurrence of environmental pollution incidents, relevant technical personnel joined together to look into the factors and production steps which are more prone to environmental pollution incidents in various production processes, and have formulated more than 10 emergency response plans for environmental pollution according to factors identified and the features of production processes, such as "Emergency Plans for Environmental Pollution Incidents", "Special Emergency Plans for Radioactive Sources", "Special Emergency Plans for Coal Gas Incidents", "Special Emergency Plans for Hazardous Wastes", and "Special Emergency Plans for Emission Reduction in Response to Heavily Polluted Weather", with drills organized.

Adhering to the spirit of "Environmental Protection is the First Priority in Corporate Development" with the goal of improving environmental quality and creating a beautiful environment, the Group has actively responded to the stricter requirements of the new environmental protection law on steel companies and duly fulfilled its social responsibility.

Climate change

The Group understands that the worsening climate change brings potential risks to our business. Physical risks related to climate change, such as typhoons, floods and other extreme weather conditions, may affect our upstream raw material production and transportation, resulting in delays of our production plan. In addition, extreme weather conditions may also increase the costs of our maintenance and the expenses of machineries and increase the risk of asset depreciation. Furthermore, transition risks related to climate change, such as energy conservation and emission reduction policies, will result in higher material prices and higher costs due to the carbon tax effect on the supply chain. Therefore, we put great efforts in reducing carbon emission and seeking efficient ways to achieve low-carbon emission and continuously assess, review and manage climate risk-related goals.

According to the Task Force on Climate-related Financial Disclosures (TCFD), climate-related risks consist of transition risks and physical risks. Transition risks come from the low-carbon economic transition to better adapt to the global climate, including risks related the policy, law, technology, market and reputation. Physical risks are related to extreme weather and the risk of rising global average temperature, including acute risks (typhoons, floods), chronic risks (rising mean temperatures, rising sea levels) and other risks. We identified the most important climate-related risks to our business and operations as follows:

Climate risk	Category	Description	Financial impact
Transition risk	Policies and regulations	Tightened regulations on climate-related requirements	Increase in expenses to meet these requirements
Transition risk	Market	Higher raw materials costs	Increase in cost of sales
Transition risk	Technology	Preliminary expenses for low-emission technological transformation	Preliminary costs for adopting and deploying new practices and processes
Physical risk	Acute risks	Typhoons, drought and floods	Increase in costs, eroding the profit margin

The Group is dedicated to systematically identifying opportunities created by climate change. For such efforts to be effective, the Group is fully aware that the entire value chain must be considered. We are committed to working with our upstream and downstream partners to address climate change risks. The Group targets to promote the use of more environmentally friendly natural resources and machineries. To address climate-related risks, the Group will continue to explore and maximise the application of innovative technologies, such as the application of new energy and water technologies. This helps us formulate a low-carbon economic and business portfolio and remain competitive in the midst of global climate change.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE

Mandatory Disclosure Requirements	Section/Declaration
Governance Structure	ESG Governance Structure
Reporting Principles	Reporting Framework
Reporting Boundary	Reporting Scope

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Ecological Community – Environmental Protection Performance
KPI A1.1	The types of emissions and respective emissions data.	Ecological Community – Environmental Protection Performance
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Ecological Community – Intensive Environmental Protection Investment
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Comprehensive Utilization of Resources – Solid Waste Treatment
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Comprehensive Utilization of Resources – Solid Waste Treatment
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Comprehensive Utilization of Resources
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Comprehensive Utilization of Resources – Solid Waste Treatment

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Comprehension Utilization of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Comprehension Utilization of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Comprehension Utilization of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Comprehension Utilization of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Comprehension Utilization of Resources – Water Recycling
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not Applicable as the Group Did Not Extensively Using Packaging Materials during the Reporting Period
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Reduce Energy Consumption and Carbon Emission
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Reduce Energy Consumption and Carbon Emission
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Formulating Emergency Plans for Environmental Pollution to Ensure Environmental Safety – Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Formulating Emergency Plans for Environmental Pollution to Ensure Environmental Safety – Climate Change – Physical Risks and Transition Risks

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment And Labour Standards
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employment And Labour Standards – Employees
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment And Labour Standards – Employees
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health And Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health And Safety
KPI B2.2	Lost days due to work injury.	Health And Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health And Safety

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Employmant and Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employmant and Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employmant and Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Quality Testing and Products Recall
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Products and Customer Complaints
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Maintenance and Protection of Intellectual Property
KPI B6.4	Description of quality assurance procedure and recall procedures.	Product Responsibility – Quality Testing and Products Recall
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Products and Customer Complaints

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-Corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Whistle-blowing Mechanisms
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social Responsibility – Environment Protection
KPI B8.1	Focus areas of contribution (e.g. education environmental concerns, labor needs, health culture, sport).	Social Responsibility – Social Charity, Caring for Employees
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Social Responsibility

XIWANG SPECIAL STEEL COMPANY LIMITED

西王特鋼有限公司