

CSR 2015

Baosteel Group Corporation



Corporate Social Responsibility Report

*At thirty,
Baosteel
stood firm.*



KEY PERFORMANCE INDICATORS

We are the leader in the Chinese iron and steel industry

	2013	2014	2015
Output of Crude Steel (Million Tons)	45.04	44.50	36.11
Total Profit (RMB Billion)	10.10	9.42	1.03
Operating Revenue (RMB Billion)	303.10	297.74	230.06
Total Cost (RMB Billion)	300.41	298.27	244.23
Total Assets (RMB Billion)	519.46	534.71	529.33
Total Owners' Equity (RMB Billion)	273.86	291.18	279.59

We are a model enterprise for joint development of employees and the company

	2013	2014	2015	
Investment in R & D (RMB Billion)	5.88	6.07	4.74	
Patent Applications (Accepted)	2,592	2,272	1,979	
Employees (Persons)	130962	134684	126204	
Total Employee Remuneration (RMB Billion)	14.91	15.20	14.06	
Hours Trained per capita	73	75.1	67.3	
Structure of Professional Titles	Intermediate & Senior Titles	14.5	14.9	16.1
	Senior Skilled Workers ^(Note 1)	29.2	28.3	29.5
	Others	56.3	56.8	54.4
Employee Engagement (%)	53.8	64	59	
Frequency of injuries (number of workers injured per million working hours)	0.78	0.44	0.40	

Note 1: Senior skilled workers refer to the employees with senior workers titles and above

We drive the development of green industry chain

		2013	2014	2015
Percentage of suppliers certified to ISO14001 or environmental management certification under the guidance of Baosteel	Baosteel Co., Ltd. Bulk Raw Materials and Fuel Suppliers (%)	14	15	18
	Baosteel Co., Ltd. Materials and Spare Parts Suppliers (%)	44	46	47
	Bayi Iron & Steel Co., Ltd. Suppliers (%)	6	10.6	11.1
	Shaoguan Iron & Steel Co., Ltd. Suppliers (%)	13.1	28.9	29.7
Water Consumption per Ton Steel (the volume in 2010 was regarded as 100) (unit: %)	Baosteel Co., Ltd.	99	96	91
	Xinjiang Bayi Iron & Steel Co., Ltd. ^{Note 2}	77	67	72
	Shaoguan Iron & Steel Co., Ltd.	94.3	94.1	80.0
Sales Rate of New Products (%)	Baosteel Stainless Steel	98.2	131.3	131.3
	Baosteel Special Steel	95.6	123.2	118.3
		18.1	17.7	16.8

Social Contribution to Green Industry

	2013	2014	2015
Annual Energy Conservation (tons of coal equivalent)	321,500	346,200	461,000
Resources Recovery from Solid Waste Resources (million tons)	7.945	8.25	7.73
Industrialization Rate of Solid Waste Resources (%)	59.7	60.2	57

Note 2: In 2015, Bayi Iron & Steel organized production according to the Economical Operation Model, which affected the indicator of Water Consumption per Ton Steel.

Overview

About This Report

This is the eighth Corporate Social Responsibility Report published by Baosteel Group Corporation (hereinafter referred to as "Baosteel" or "the Corporation").

This Report has been drawn up in accordance with the "Guiding Opinions on the Management Enhancement in the State-owned Enterprises(SOEs) Directly Under the Central Government (CSOEs)" (SASAC Document [2012] No.23), the "Guidelines to theCSOEs on Fulfilling Corporate Social Responsibility" (SASAC Document [2008] No.1) and the "Outline of Implementation of Harmonious Development Strategies for the CSOEs During the '12th Five-Year Plan'" issued by the State-Owned Assets Supervision and Administration Commission of the State Council (hereinafter referred to as SASAC), the "Sustainability Reporting Guidelines" (G3 version) of the Global Reporting Initiative (GRI), the Ten Principles of the United Nations Global Compact and the theoretical research results of the "Guidelines of the Chinese Academy of Social Sciences for the Compilation of Social Responsibility Reports by Chinese Enterprises" and Baosteel's unique understanding of social responsibilities and its practical conditions.

Contents

Coverage

Unless otherwise specified, this Report mainly describes Baosteel's efforts in corporate governance, value creation, environment management, employees, and community and supply chain from January 1 to December 31, 2015. This Report covers Baosteel's businesses including the iron and steel manufacturing, resources development and logistics services, secondary steel processing, engineering and technology services, coal chemical industry, financial services, production services, information services, steel services and real estate development.

Language and Format

This Report is published in both Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail. For any question or suggestion regarding this Report, please feel free to contact us via telephone or mail at: Corporate Communication Dept.

Baosteel Group Corporation
Room 2202, Baosteel Tower, No.370 Pudian Road, Pudong New Area,
Shanghai, 200122 China
Tel: +0086 21 20658888
Fax: +0086 21 20658899
Email: csr@baosteel.com

This Report is published in the formats of printing and soft copy. The soft copy is available at Baosteel website (<http://www.baosteel.com>).

01 Company Profile

PART 01

Address by Leaders

- 01 Address by Chairman
- 03 Address by President

Company Profile

- 05 Brief Introduction
- 07 Business Sectors
- 09 Corporate Leadership
- 11 Organization Structure
- 12 Fulfillment of the Strategy

Responsibility Governance

- 13 Responsibility Governance
- 14 Responsibility Promotion
- 15 Responsibility Communication

17 Basis for Social Responsibility

PART 02

Honest Business

- 19 Corporate Governance
- 21 Audit Framework
- 22 Anti-Corruption

Value Creation

- 27 Direct Economic Performance
- 28 All-round Risk Management
- 29 Key Projects
- 30 Technological Innovation

Environment Management

- 35 Green Manufacturing
- 46 Green Products
- 47 Green Industry
- 49 Employee Green Actions
- 50 Green Harvest

51 Priorities of Social Responsibility

PART 03

Employee Performance

- 53 Employee Development
- 58 Compensation and Benefits
- 60 Safety and Protection
- 62 Communication with Employees

Social Performance

- 67 General Information on Donations
- 68 Relationship with Communities
- 70 Contribution to the Society

Supply Chain Performance

- 75 Joint Development with Suppliers
- 79 Value Creation through Services
- 85 Building A "Co-Construction, Sharing, Trustworthy" Shared and Service-oriented Ecosystem of the Steel

82 Appendices

PART 04

- 87 Highlights 2015
- 93 GRI Indicators
- 94 Survey of the Concerns of Stakeholders

ADDRESS BY CHAIRMAN

Fulfilling Social Responsibility and Leading the Sustainable Development of China's Steel Industry

Year 2015 marks the 30th anniversary of Baosteel's being put into production. The past 30 years witnessed Baosteel's industrious endeavor to pursue excellence and the great changes to it. Baosteel pioneered a technology development path of "combination of introduction from the outside, digestion, absorption and self-innovation", pushed the structural upgrade of China's steel products, and explored the road of innovation in the management of large-scale steel enterprises in China, thus successfully edging itself among the world-class steel enterprises. As a typical enterprise arising from China's reform and opening up, Baosteel guided the development direction of an industry in an era.

Year 2015 brought the greatest shake to Baosteel people's mind and the biggest challenge to Baosteel's operations in its development history of more than 30 years. Under the uniformed arrangement by the Central Committee of the Communist Party of China (CPC) for comprehensively tightening Party's discipline and rules, Baosteel received a comprehensive inspection made by a central team for disciplinary inspection, through which some problems that affected the sustainable development of the enterprise were revealed, held "Three Stricts and Three Steadies" special education campaign, and made positive progress in rectification of the faultiness found in inspection and implementation of the requirements. During the "Ice Age" of the steel industry, we lay emphasis on innovation instead of being restricted by existing practices, and embarked on the new road for transformative development by implementing the strategy of "one system with two wings" and seizing the development opportunities of "Internet Plus"; although in the "winter" of the steel industry, we kept up our enthusiasm for development of the steel industry and ignited the Zhanjiang Steel No. 1 Blast Furnace, marking the start of Baosteel's second undertaking.

Year 2016 is also the first year of the structural reform of China's supply side, of which the top priority is to clear up the large quantity of ineffective supply in China's economy, i.e., overcapacity. The steel industry, to which Baosteel belongs, is a key one for structural adjustment and overcapacity resolution. We must actively take actions in such a crucial window phase and opportunity period. If winter is not severely cold, can the warm spring come? Baosteel will face up to the severe pain brought by structural adjustment and is determined to explore a new way for transformative development relying on innovation with sheer courage and a down-to-earth attitude.

It is the obligation of Baosteel to the State and the industry to do a good job in the steel industry we are good at. In 2016, Baosteel will comprehensively promote the development strategy of "one system with two wings", fully implement all the measures for turning loss-making into profit-making and increasing profits, strive for steady improvement of the business performance, actively optimize assets structure and operational efficiency and conscientiously promote the quality improvement and increase in the returns on state-owned capital. In the "new normal" state of economy, faced with new problems and new situations, we should advocate the spirit of "venturing to undertake a mission" and "taking responsibilities for those venturing to undertake a mission", focus on emancipating our minds and deepening reform, vitalize the operations of enterprises and propel their sustainable development; we should promote structural adjustments, strengthen operational management and control and win the battle of turning loss-making into profit-making and increasing profits; in addition, we should implement the strategy of "green, refined and intelligent manufacturing" and promote innovation in the steel and relevant industries as well as their upgrade. Over 30 years ago, we were born amid some people's skepticism; today we are standing at the crossroads of history again, and we are confident that we will manage to reshape ourselves through the test, show the strength of Baosteel in overcoming adversity, do a good job in the steel industry we are good at. We are determined to become a leader of the global steel industry so as to deliver a good report to the State and to ourselves.

It is the obligation of Baosteel to society to drive the development of the green steel industry ecosphere. An enterprise with social responsibility is like a person with flesh and blood and sense of justice, so social responsibility is beneficial to the self-improvement of an enterprise. Baosteel has been persistently sparing no efforts in "driving green industrial development through technological innovation and pushing forward urban ecological civilization through resources sharing". In recent years, haze has become a highly sensitive topic for the public and the problem was ascribed to the heavy chemical enterprises located in the suburb of metropolises. If we cannot accelerate our progress in green manufacturing, it would be hardly possible for us to base in metropolises, let alone to pursue common prosperity with cities. In the future, Baosteel will stick to the concept of being friendly to the environment, and speed up the pace in the green transformation and upgrade of the steel industry by developing green technologies and green products, improve the building of the system for environmental management and that for energy and environment protection management to build a green industry chain. Besides, we will focus on the platform service of the steel industry ecosphere, propel the development of sharing economy by strengthening collaboration, optimizing configuration and realizing resources sharing by making full use of technologies, and vitalize Baosteel through "mass entrepreneurship and innovation".

It is the obligation of Baosteel to its staff to achieve common transformation of employees and the company. Year 2016 is a crucial year for China's steel industry to resolve overcapacity. With the elimination of some inefficient capacity, there will be throes of employee diversion and personnel placement, which is a barrier that cannot be circumvented for Baosteel. We will uphold the concept of pursuing joint development of employees and the company and endeavor to help employees with their career transformation and development during the enterprise's transformative development. We should give full play to Baosteel's advantages in brand, credit, fund and land resources so that these resources can carry new industries to bring employees new jobs, new hope and better development space. Of course, we also call on employees to cultivate and carry on "the spirit of craftsmanship", not only learn new knowledge, new tools, new methods, but also new ideas, new concepts and new laws, grasp opportunities and get fully engaged in undertakings with the company so as to pave a promising path to transformative development and build Baosteel into a model company for joint development of employees and the company.

Many people have lost their patience and confidence for the continuously stagnant steel industry. Some say that China's steel industry is experiencing its worst of times, but Baosteel people are still confident that it is the best of times, still hold their dream about steel and are still determined to keep to their beloved steel undertaking to the end. We are firmly convinced that we will move forward continuously and stimulate new and infinite possibility.



ADDRESS BY PRESIDENT

Making Changes Accordingly and Promoting Transformative Development

Year 2015 was the 30th anniversary of Baosteel's being put into production, which was an unforgettable year for Baosteel people. In the year, Baosteel was among the Fortune Global 500 for the 12th consecutive year, ranking at the 218th place. Baosteel was also honored the title of the "Most Admired Chinese Company" for another year as the only Chinese iron and steel enterprise in the list. Moreover, the top three credit rating agencies in the world continued to grant Baosteel the highest credit ranking among the comprehensive iron and steel enterprises around the world. It was also awarded "China Charity Awards", the most prestigious award equivalent to the "Oscar Award" in the field of China's public welfare and charity for the sixth consecutive time.

Year 2015 is the turning year for China's steel industry, when the total output of crude steel in China experience negative growth for the first time in the past 34 years and many steel enterprises suffered from huge losses. The whole industry entered a harsh winter and Baosteel was not an exception. According to the industry list of annual profits issued by China Iron and Steel Association, Baosteel lost its top position for the first time in the past nearly 20 years. As a matter of fact, there were more other challenges faced with by Baosteel. As an urban steel plant, Baosteel, with a history of over 30 years, is facing unprecedented pressure and challenges in the seemingly normalized "winter" state of the steel industry in China in terms of land use efficiency, energy consumption and composite cost.

Making changes accordingly and promoting transformative development will be a choice of Baosteel and Baosteel people. In 2015, we made some substantive progress: for the main business of steel, Baosteel speeded up structural adjustments and optimized the strategic layout of "two deltas and one border area". On September 25, the No. 1 Blast Furnace of Zhanjiang Iron & Steel, which was intended to be a "dream plant" of steel with the top efficiency all over the world, was successfully ignited. For emerging industries, Baosteel also made a successful layout, building a steel service platform, Ouyeel Commerce, with "common construction, sharing and trustworthiness" as its core concept. Since its establishment in February 2015, good news has kept coming from Ouyeel Commerce. Ouyeel people strove to build a steel service ecosystem with the most vitality through one-hundred-day struggle to cover the whole country and nonstop conscientious work. Through resources integration and business reconstruction, it has formed five transaction and supporting service platforms including e-commerce, logistics, financial service, materials and data service, basically established a network layout of logistics and service stations throughout China, overfulfilled the challenging goal of the multiplication of its transaction volume and preliminarily constructed a third-party service system open to the steel industry, which has become the core platform for Baosteel's strategic transformation.

Looking ahead to the medium and long-term development, we have clarified the corporate vision of "becoming the leader of the global steel industry", the corporate missions of "driving the development of green and intelligent steel industry ecosystem" and "becoming a corporate model for joint development of employees and the company" and put forward the strategy of "one system with two wings", namely, to build a state-owned capital investment company with the steel industry as its main system and intelligent manufacturing of green, refined products and steel ecosystem platform service as the two wings.

Baosteel will speed up the configuration and construction of "combination of production and finance", "combination of production and urban construction" and "combination of production and the Internet", and pave a path of transformative development for the steel industry by pursuing breakthrough through the industry transformation with the connotations of "model innovation" plus "system and mechanism innovation". We have signed a strategic cooperation framework agreement with Yangpu District on the joint construction of the key supporting zone of the Scientific Innovation Center and "Shanghai Internet + Industrial Park" in order to work together to build an "Internet Plus" demonstration industrial park for entrepreneurship and innovation with centralized functions, novel forms and coordinated ecology in the area of No. 2 Steelmaking Co., Ltd. In the meantime, Baosteel cooperated with the Baoshan District Government to promote the transformative development of the area of Baosteel Special Steel Co., Ltd. and has built "Wesocool Innovation Park". We will make full use of the land resource, comprehensively stimulate the human resources and develop the urban service industries based on the real estate development in an accelerated speed so as to integrate industries into urban development and design new patterns and create new growth poles for the sustainable development of Baosteel in the future.

It is Baosteel's unswerving commitment to be responsible for its employees and the public and be an integral part of the beautiful world. Reform, transformation and innovative development has enabled Baosteel to embark on the new journey of the second undertaking. With the advantages of fund, technology, management, service, brand and talent accumulated by Baosteel for a long time, we are full of confidence in the future development of Baosteel. All the Baosteel people will be devoted to deeper reforms and innovation with greater courage and wisdom to write a new chapter of transformative development and work together to build a brighter future.

陈德军

President of Baosteel Group Corporation



BRIEF INTRODUCTION

Baosteel is a typical enterprise arising from China's reform and opening-up. With over 30 years of development since its commencement of formal construction on December 23, 1978, Baosteel has grown into one of the most competitive iron and steel company with the highest level of modernization. At the end of 2015, Baosteel had a total of 126,204 employees.



Baosteel, with iron and steel as its main business, has fostered three major product categories, namely carbon steel, stainless steel and special steel. These premium steel products are extensively applied in industries such as automobile, household appliances, petrochemical, machinery manufacture, energy and transportation, metal products, spaceflights and aviation, nuclear power and electronic instruments.

With its focus on the steel supply chain, technical chain and resource chain, Baosteel has also developed a diversity of related industries. Now Baosteel has realized synergetic development between its iron and steel business and several related business segments, namely resource development and logistics, further steel processing, engineering and technology services, coal chemical, and services for finance, information and production, as well as real estate development.

In 2015, Baosteel achieved total sales revenue of RMB 230.06 billion and a total profit of RMB 1.03 billion. In the year, Baosteel recorded steel output of 36.11 million tons. Year 2015 witnessed its being listed among the Fortune Global 500 by the U.S. Fortune magazine for the 12th consecutive year, ranking 218th. In addition, Baosteel was also awarded the honor of the "Most Admired Chinese Company" for another year, the only Chinese iron and steel enterprise in the list. The top three credit rating agencies, namely Standard & Poor's, Moody's and Fitch Ratings, again gave Baosteel the highest credit ranking among the world's iron and steel enterprises. Baosteel also won China Charity Award, the top government award in Chinese philanthropy, for the sixth consecutive year.



In 2015, Baosteel actively coordinated the development of various work for in-depth reform, vigorously carried out the structural adjustment of the iron and steel industry, and forcefully promoted service transformation. In combination with a new-round preparation of plans, Baosteel established the strategy of "one system with two wings" (with the iron and steel industry as the main body and the intelligent manufacturing of green refined products and the steel ecosphere platform service as the two wings). Looking into the future, Baosteel will stick to its strategic target of becoming a leader of the global iron and steel industry in the world and endeavor to promote the development of green steel industry ecosphere so as to be a model enterprise for joint development of employees and the company.

Total sales revenue	230.06 RMB Billion
Total profit	1.03 RMB Billion
Steel output	36.11 Million tons

218th

Being listed among the Fortune Global 500 by the U.S. Fortune magazine for the twelfth consecutive year.



BUSINESS SECTORS



Iron and steel

The iron and steel production bases of Baosteel are mainly located in three areas, namely the Yangtze River Delta, the Pearl River Delta and the northwest borderland. With iron and steel as its main business, Baosteel has developed three major product categories, namely carbon steel, stainless steel, and special steel. Presently, the units of Baosteel engaging in the iron and steel business include Baosteel Co. Ltd., Baosteel Stainless Steel, Baosteel Special Steel, Shaoguan Iron & Steel and Bayi Iron & Steel.

	2013	2014	2015
Operating Revenue (RMB Billion)	247.48	240.70	184.37
Total Profit (RMB Billion)	6.09	3.75	-8.45
Number of Employees	91,194	96,789	88,318

Resource Development and Logistics

The sector is engaged in providing integrated services of resource development, trade and logistic for iron and steel and other industrial sectors.

	2013	2014	2015
Operating Revenue (RMB Billion)	44.9	45.64	29.37
Total Profit (RMB Billion)	1.43	0.85	-0.28
Number of Employees	761	870	845

Further Steel Processing

The sector is mainly engaged in the further processing of iron and steel materials, industrial gas operations and services and manufacturing and services of metal packaging and cultivation of new business.

	2013	2014	2015
Operating Revenue (RMB Billion)	11.24	11.23	10.05
Total Profit (RMB Billion)	0.30	0.33	0.30
Number of Employees	2,825	3,443	3,651

Engineering and Technology Services

The sector is engaged in providing international engineering and technology services for large-scale industrial and urban construction projects.

	2013	2014	2015
Operating Revenue (RMB Billion)	15.89	10.74	10.66
Total Profit (RMB Billion)	0.19	-0.39	-0.25
Number of Employees	11,156	10,193	9,360

Coal Chemical

The sector is a supplier of high value-added coal chemical products for downstream fine chemical sectors and actively explores an environmental-friendly, safe and efficient development approach of the coal chemical industry.

	2013	2014	2015
Operating Revenue (RMB Billion)	10.93	9.22	7.63
Total Profit (RMB Billion)	0.77	0.54	0.04
Number of Employees	1,357	1,928	1,885

Production Services

The sector is an integrated supplier of recycling and comprehensive utilization of solid waste resources, life services and production services for large-scale advanced manufacturing enterprises and the urban system.

	2013	2014	2015
Operating Revenue (RMB Billion)	11.42	9.08	7.16
Total Profit (RMB Billion)	0.21	0.04	-0.60
Number of Employees	13,877	12,937	11,643

Steel Services

The sector aims to build a service-oriented manufacturing system with the infrastructure of logistics, the Internet, the Internet of Things, big data and mobile interconnection, with steel chain e-commerce platforms as interface and entrance, with the core service value represented by financial industrial chain, with steel technology service capability as core competitiveness, and with big data use as a long-term value target so as to build up the most dynamic steel service sharing ecosphere in the world.

	2015
Operating Revenue (RMB Billion)	20.059
E-commerce Platform Turnover (Million Tons)	10.18
Number of Employees	715

Financial Services

The sector is a supplier of all-around financial solutions, including investment, financing, M&A and assets management, within the Corporation and for social customers.

	2013	2014	2015
Operating Revenue (RMB Billion)	1.84	1.99	3.17
Total Profit (RMB Billion)	1.32	1.35	2.83
Number of Employees	899	913	1,020

Information Services

The sector is China's leading supplier of industrial software industry solution and service as well as information solutions for enterprises, automated system integration and maintenance services with independent intellectual property rights.

	2014	2015
Operating Revenue (RMB Billion)	4.07	3.94
Total Profit (RMB Billion)	0.36	0.38
Number of Employees	4,393	4,209

Real Estate Development

The sector is to build itself into a real estate platform company carrying the Corporation's transformative development, promoting the modern industrial development of the city featured by "combination of industry and urban development" with financial functions.

	2015
Operating Revenue (RMB Billion)	0.384
Total Profit (RMB Billion)	0.034
Number of Employees	925

CORPORATE LEADERSHIP

Board of Directors



Xu Lejiang Chairman



Chen Derong Director



Wang Xiaoqi Outside Director



Kerwei (Buck) Pei Outside Director



Wang Fucheng Outside Director



Lin Jianqing Outside Director



Zhu Yiming Employee Director

Senior Management



Xu Lejiang Secretary of the CPC Committee and Chairman



Chen Derong President and a Member of CPC Standing Committee



Liu Zhanying Secretary of the CPC Commission for Discipline Inspection and a Member of the CPC Standing Committee



Fu Zhongzhe Deputy Secretary of the CPC Committee



Dai Zhihao A Member of the CPC Standing Committee



Zhou Zhuping Vice President and Secretary of the Board of Directors



Zhao Zhouli Vice President



Chen Ying Vice President



Guo Bin Vice President

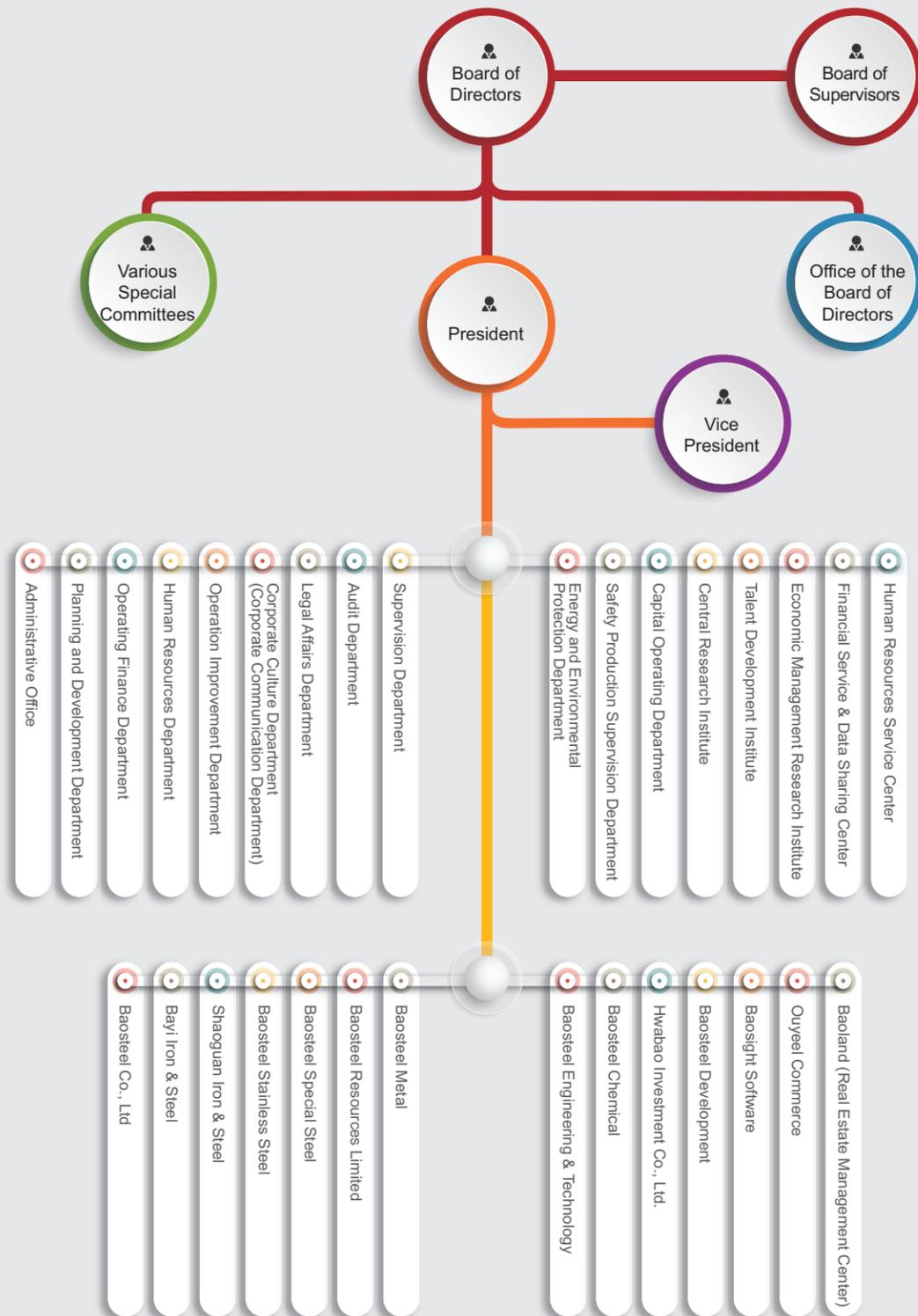


Zhang Jin'gang Vice President

Note: The Fourth Board of Directors of Baosteel was established in April 2015. According to the arrangements by SASAC on the outside directors delegated to the CSOEs, Wang Xiaoqi, Kerwei (Buck) Pei, Wang Fucheng (newly appointed) and Lin Jianqing were appointed as outside directors of Baosteel with an employment term to January 2018; former outside directors of the Third Board of Directors Gan Yong and Jing Tianliang held office until March 2015.

Note: Since April of 2015, Cui Jian has ceased to be Vice President of Baosteel. Since July of 2015, Zhao Kun has ceased to be Vice President of Baosteel. Since November of 2015, Guo Bin has held office as Vice President of Baosteel. Since November of 2015, Zhang Jin'gang has held office as Vice President of Baosteel. Since December of 2015, Zhao Xia has ceased to be Vice President of Baosteel. Since December of 2015, Chen Ying has ceased to be Secretary of the Board of Directors of Baosteel. Since December of 2015, Zhou Zhuping has held office as Secretary of the Board of Directors of Baosteel.

ORGANIZATION STRUCTURE



FULFILLMENT OF THE STRATEGY



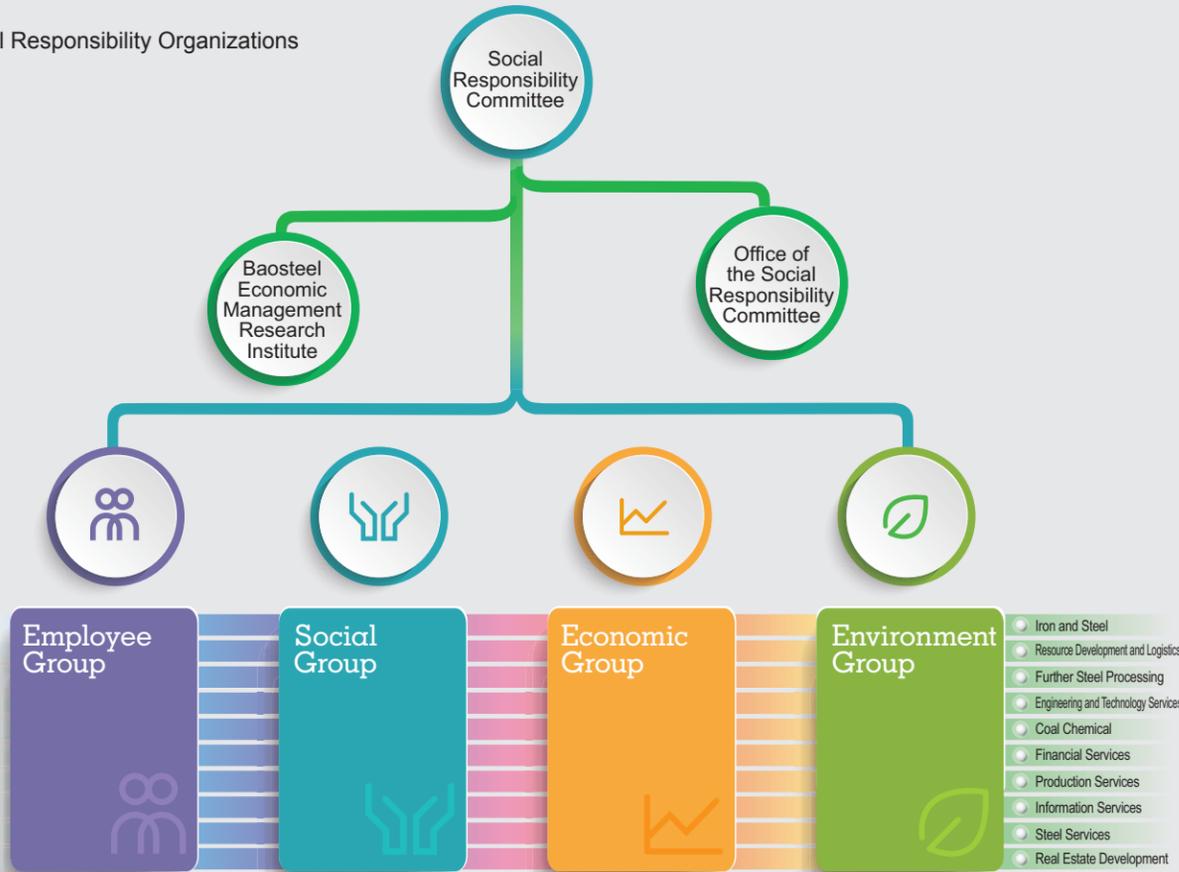
Year 2015 was the turning year for China's steel industry. The steel enterprises in China suffered huge losses and the whole industry entered a harsh winter. In the environment, the operations of Baosteel encountered great challenges. However, through the efforts made by the whole staff, Baosteel made much progress in reform and transformation of development. Year 2015 witnessed Baosteel's being listed among the Fortune Global 500 by the U.S. Fortune magazine for the 12th consecutive year, ranking 218th. In addition, Baosteel was also awarded the honor of the "Most Admired Chinese Company" for another year, the only Chinese iron and steel enterprise in the list. The top three credit rating agencies, namely Standard & Poor's, Moody's and Fitch Ratings, again gave Baosteel the highest credit ranking among the world's iron and steel enterprises.

In 2015, Baosteel earnestly executed various strategic tasks based on the requirements in its planning and development. All the work, including resources allocation and capacity building, was methodically pushing forward. Facing the complicated environment and the fierce competition of the steel industry and during the period that China's economy was undergoing profound changes, painful structural adjustments needed to be made and the pace of economic growth was changing, Baosteel achieved total sales revenue of RMB 230.06 billion and a total profit of RMB 1.03 billion.

In term of business performance from 2013 to 2014, Baosteel was still in the forefront in the industry in China and of the leading level among the steel enterprises in the world. In 2015, the steel industry entered a harsh winter, which affected the fulfillment of planned indicators. The Corporation was faced with greater challenges in operations and competitiveness enhancement.

RESPONSIBILITY GOVERNANCE

Social Responsibility Organizations



Process of CSR Report Preparation



RESPONSIBILITY PROMOTION



▶▶ Organizing the Third Selection of Outstanding Cases of Baosteel on Social Responsibility

Baosteel organizes the selection of outstanding cases on social responsibility every two years for the purpose of excavating and promoting the excellent practices in the performance of social responsibility of each subsidiary and encouraging and guiding them to constantly improve the capability and level of fulfilling social responsibility. Through the first review and reexamination of the Evaluation Committee and the selection participated in by outside experts, 16 cases entered the official WeChat platform for public voting and over 100 thousand employees and netizens participated in voting. Ten cases including Promoting EVI to Realize 'Satisfaction in Four Aspects' selected and sent by Baosteel Co., Ltd. and Green Power, the Melody from the Northern-frontier Steel selected and sent by Bayi Iron & Steel were elected as model cases of social responsibility of Baosteel. Among these cases, some were aimed at the mission of being friendly to the environment and practicing green production, and some were themed by promoting harmonious community co-existence, benefiting the neighborhood, bearing universal love and showing concern for both home and the nation.

Baosteel was highly recognized by the outside for its exploration and practice in social responsibility and public undertakings

In the "Survey of Youth Recognition of Corporate Social Responsibility (2014-2015)" conducted by China Youth Daily and Guanghua School of Management of Peking University, Baosteel obtained excellent composite indexes; and at the release conference named "Youth Attitude • Large Enterprise Social Responsibility Evaluation", Baosteel received "Most Recognized by Youth Award"; Baosteel took an active part in the selection activities of the Ninth "China Charity Award", and through the review by Shanghai Preliminary Assessment Committee and Shanghai Recommended Candidates Final Assessment Conference, Baosteel won from over 50 candidate units and projects and was recommended to take part in the national evaluation by Shanghai Municipal Government. Through quantitative rating organized by the Ministry of Civil Affairs of the People's Republic of China, online voting, review at two meetings by the Evaluation Committee, review by the ministers' work meeting of the Ministry of Civil Affairs of the PRC, public investigation and other procedures, Baosteel finally won "China Charity Award" for the most caring donating enterprise, which was also one of the two enterprises that had won the title for six consecutive times.

RESPONSIBILITY COMMUNICATION

▶▶ Baosteel's social responsibility report was released through the official WeChat account, Friendly Baosteel, for the first time.

Surrounding the theme of "Inner Strength" of Baosteel, the Corporation tried to present to stakeholders its practice and achievements in fulfilling social responsibility and pass on its responsibility visions in leading the industry and driving green industry chain and the common development with employees in the past 30 years in terms of corporate governance, value creation, environment management, employees, community and supply chain. To present Baosteel's attitude and actions in fulfilling social responsibility, the Corporation took "We Are All Baosteel Men" as the highlight of planning and selected six "Baosteel Man" as spokespersons. Baosteel Social Responsibility Report 2014 was highly spoken of by the outside and won the "Golden Bee 2014 Excellent CSR Report - Leading Enterprise" Award issued by *China WTO Tribune* and the International Research Center on Social Responsibility and Sustainable Development of Peking University.

Planning and Making the First Public Service Publicity Film of Baosteel

The film made an all-around retrospect of Baosteel's exploration and practice in education, Antarctic scientific expedition, poverty alleviation, disaster relief, community and other forms of public undertakings since its establishment, and highlighted Baosteel's contribution in independent research and development of color-coated sheet for support of the construction of Antarctic science expedition stations, and successful development of the first-, the second- and the third-generation advanced high-strength steel and other environmental friendly products, and Baosteel's sincere requital to the society by putting into practice its dream of "being a part of the beautiful world" in addition to providing refined steel products.

Ten Major Green Actions by Chinese Enterprises

The most influential and leading "Ten Major Green Actions by Chinese Enterprises" and "China's Green Scientific and Technological Innovation Achievements" of the year were selected by 2015 "Ecological Civilization: Beautiful Homeland" held by the United Nations Global Compact China Network. Baosteel's case named "Taking the Path of Environmental Management and Promoting the Development of Green Industry Chain" won the "Ten Major Green Actions by Chinese Enterprises" Award.



The Fifth Shanghai Public Welfare Partner Day

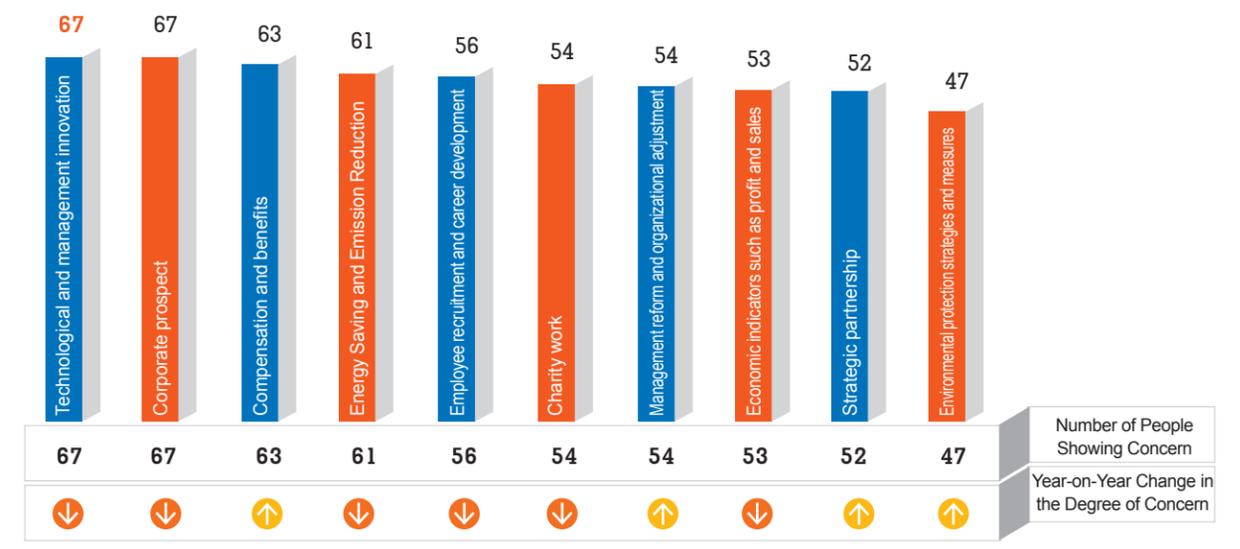
The Fifth "Shanghai Public Welfare Partner Day" activities were launched on October 30, 2015. Baosteel was invited to attend the Third Shanghai Public Welfare Sharon named "Make Charity a Part of Normal Life" - "Bridge of Love". Centered on the subject of "Discussions of the Integration of Charity, Work and Life by Enterprises from the Perspective of Fulfilling Social Responsibility", the participants of Baosteel made communications with the leaders of Shanghai Municipal Government and opinion leaders of public undertakings participating in the salon to mutually learn from the experience of each other in participating in public undertakings and organizing charity activities.



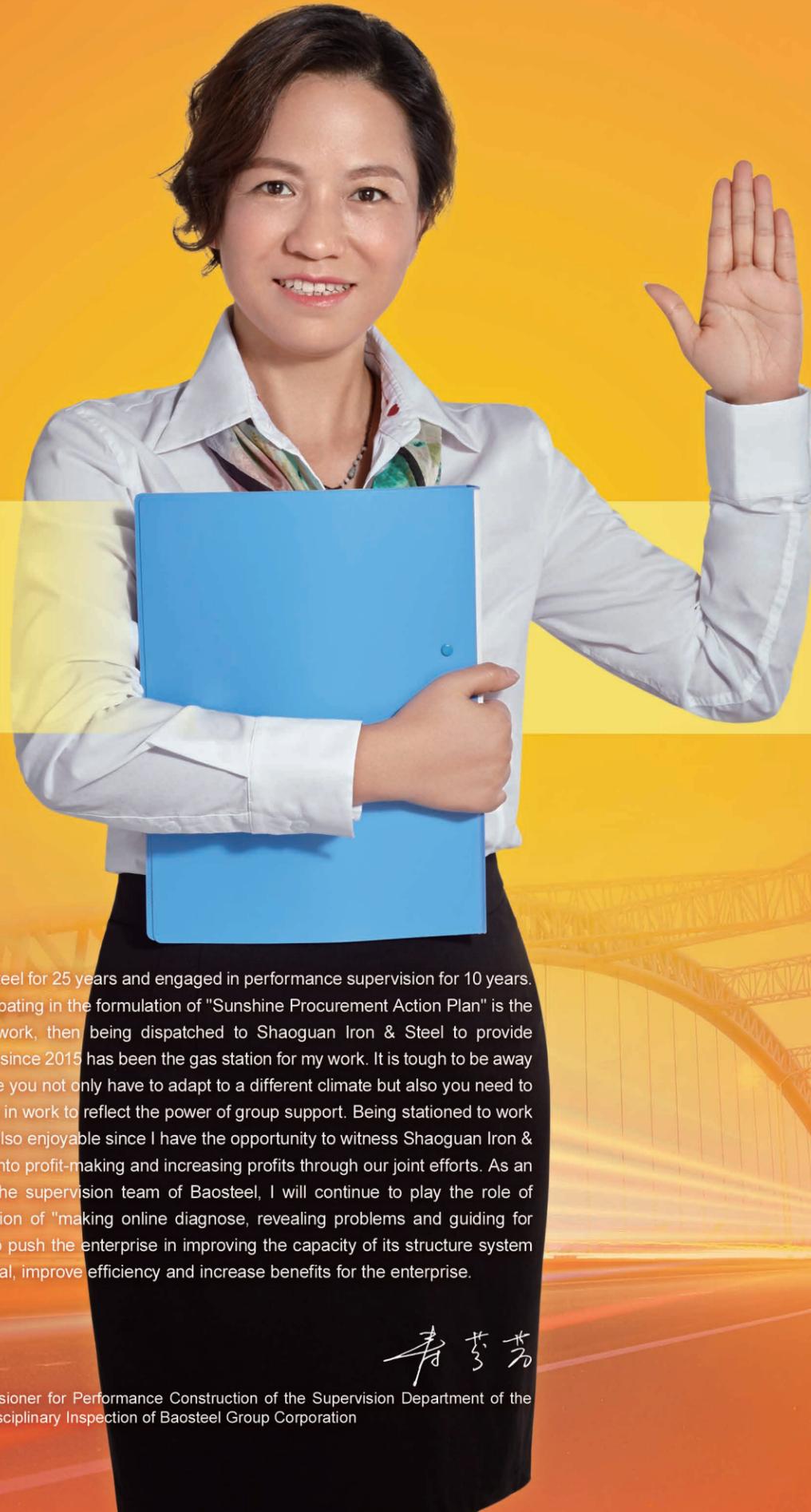
OPINION SOLICITATION FOR 2015 CSR REPORT

In 2015, Baosteel continuously launched investigation into the concerns of social responsibility through its official website, paper questionnaires and telephone interviews and other channels so as to help stakeholders to know about the Corporation. Altogether 117 questionnaires were distributed during the survey and 110 responses were recovered.

During this survey



In response to the survey results, we adjusted the proportion of information to be disclosed, increasing the quantity of data to be disclosed, and made our best to respond to and satisfy the demand of all stakeholders for concerned information.



My Story

I have worked at Baosteel for 25 years and engaged in performance supervision for 10 years. If I can say that participating in the formulation of "Sunshine Procurement Action Plan" is the starting point of my work, then being dispatched to Shaoguan Iron & Steel to provide project-based support since 2015 has been the gas station for my work. It is tough to be away from home alone since you not only have to adapt to a different climate but also you need to shoulder responsibility in work to reflect the power of group support. Being stationed to work in a different place is also enjoyable since I have the opportunity to witness Shaoguan Iron & Steel's turning deficit into profit-making and increasing profits through our joint efforts. As an ordinary member of the supervision team of Baosteel, I will continue to play the role of performance supervision of "making online diagnose, revealing problems and guiding for improvement" so as to push the enterprise in improving the capacity of its structure system and further tap potential, improve efficiency and increase benefits for the enterprise.

寿芬芳

Shou Fenfang, Commissioner for Performance Construction of the Supervision Department of the CPC Commission for Disciplinary Inspection of Baosteel Group Corporation

Every achievement has been guaranteed by honesty

Over thirty years Baosteel has won credibility

Known as a product of the reform and opening up of China, Baosteel was commenced the construction.

1978

The CPC Commission for Discipline Inspection of the Project Headquarters of Baosteel Iron & Steel General Plant was established, to synchronize anti-corruption and advocacy of integrity with project construction.

1979

Baosteel Iron & Steel General Plant implemented share-holding system reform, successfully went public at Shanghai Stock Exchange, and carried out exploration of building modern corporate management framework and system.

2000

Baosteel Co., Ltd. undertook to keep the proportion of cash dividends not lower than 40% of the net profit of the year and the proportion, in 2012, was further raised to no lower than 50 % of the net profit attributable to the parent company upon consolidated financial statement auditing in the year. Up to the end of 2015, the total amount of dividends reached RMB 53.587 billion.

2005

Baosteel Group Corporation established Board of Directors, making being one of the first batch of pilot CSOEs that founded and improved the Board of Directors in wholly state-owned enterprises.

2005

Baosteel issued "Eight Bans" which clearly prohibited abuse of power for personal gain.

2006

Implementation Opinions of Baosteel for Internal Publication of the Name List of the Units Committing Bribery and Relevant Resigned Personnel was issued, prohibiting business transactions with any units and individuals offering bribery and with bad records.

2006

Baosteel became one of first CSOEs which set up an internal audit system, thus forming the basic framework of "General Audit System".

2009

The book named *Research into the Operation Practice of Baosteel Board of Directors* was issued, which comprehensively retrospected and summarized the pilot work of Baosteel Board of Directors, including perfection of operation systems of the Board, improvement of institutional framework, clarification of relevant responsibilities and rights and earnest fulfillment of its function of strategic decision-making, reflecting scientific decision-making, efficient implementation and effective supervision.

2013

The source governance focused on the "Six Transparency Requirements" construction was promoted and "Sunshine" management was promoted in significant fields and key links prone to corruption.

2014

Baosteel received the special inspection of No. 13 Central Team for Disciplinary Inspection and actively conducted corresponding rectification, and published *Report of the CPC Committee of Baosteel on the Work of Rectification of the Faultiness Found in Inspection*.

2015

The number of annually audited projects by the internal audit system of Baosteel reached 394 ones. In the recent years, the loss saved through audit has been over RMB 100 million each year.

2015

CORPORATE GOVERNANCE

Improving the System Building of Board of Directors

Baosteel was one of the first CSOEs to launch the pilot project of the Board of Directors. Since the project was launched on October 17, 2005, the Board of Directors of Baosteel has always followed the reform path of modern corporate system, made active exploration and practice on improving corporate governance structure, refining scientific decision-making mechanisms and accomplishing corporate development and reform tasks, gave a good reply to the two subjects of exerting the political core role of Party organizations and democratic management of employees under the condition of regulating corporate governance, and changed the traditional advantages as an SOE into the competitive advantages of Baosteel in management mechanisms.

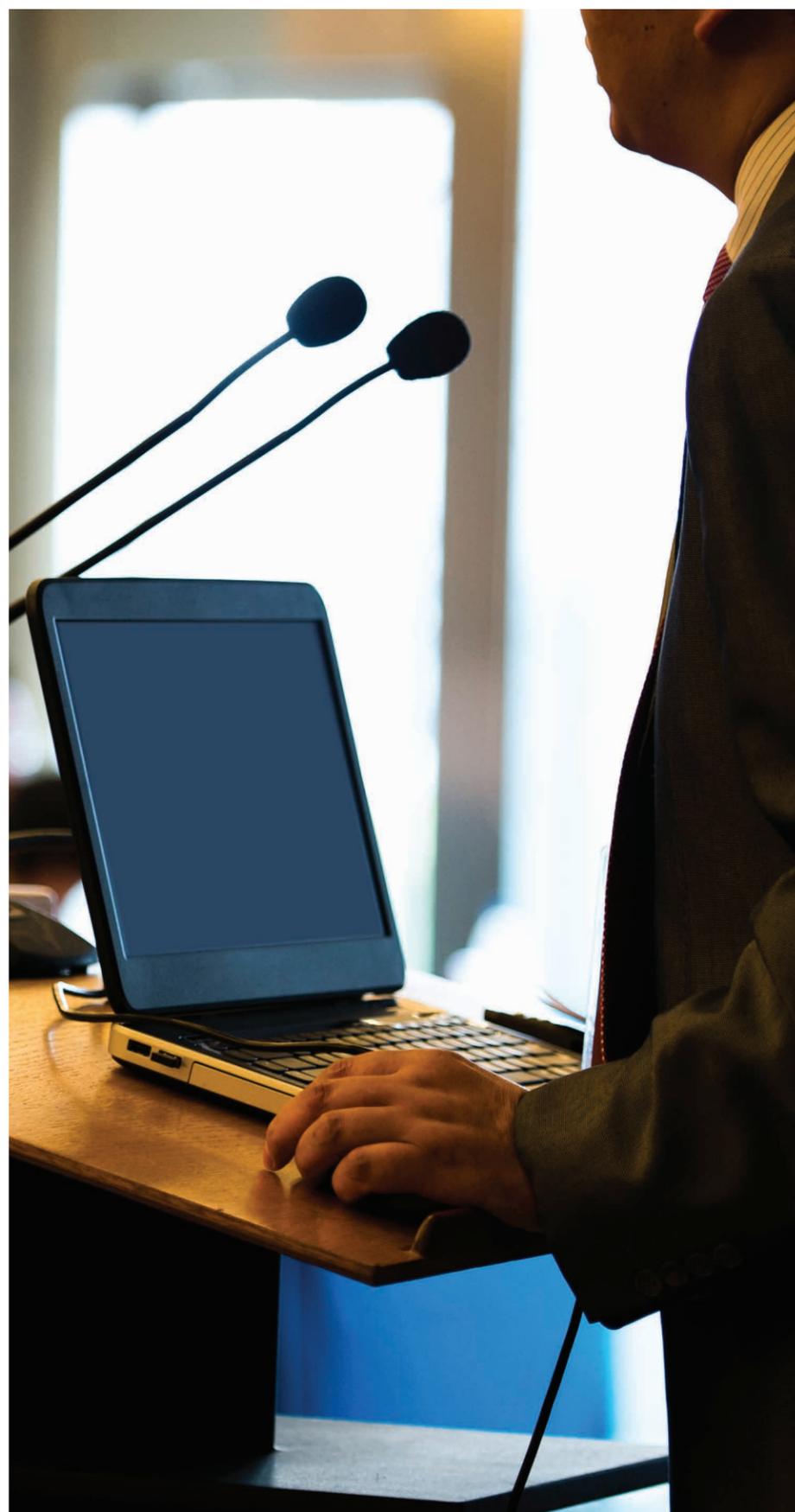
The Fourth Board of Directors of Baosteel was established in April 2015. According to arrangements by SASAC on the outside directors delegated to CSOEs, Wang Xiaoqi, Wang Fucheng (newly appointed), Kerwei (Buck) Pei and Lin Jianqing (newly appointed) were appointed as outside directors of Baosteel with an employment term to January 2018; former outside directors of the Third Board of Directors Gan Yong and Jing Tianliang held office until March 2015.

Members of Various Special Committees under the Board of Directors

	Director	Nomination Committee	Remuneration and Appraisal Committee	Audit Committee	Strategy and Risk Management Committee
Chairman	Xu Lejiang	● Director			● Director
Director and President	Chen Derong	○			○
Outside Director	Wang Xiaoqi	○	○	○	○
Outside Director	Kerwei (Buck) Pei	○	○	● Director	○
Outside Director	Wang Fucheng	○	● Director	○	
Outside Director	Lin Jianqing		○	○	○
Employee Director	Zhu Yiming				

Number of Meetings Convened and That of the Items Discussed and Deliberated on by the Board of Directors and Various Special Committees

Year	Board of Directors		Various Special Committees	
	Number of meetings convened	Number of the items discussed and deliberated on	Number of meetings convened	Number of the items discussed and deliberated on
2013	11	55	10	15
2014	12	50	13	14
2015	14	58	15	21



In 2015, the "1+N" series of documents on comprehensively deepening reforms of state-owned assets and SOEs was issued by the Central Committee of the CPC and the State Council, they would be put into practice, the Central Government would introduce the 13th Five-Year Plan to set the tone of economic trend in the coming five years, and Baosteel would make and implement a new round of planning for the period from 2016 to 2021. In 2016, the Board of Directors of Baosteel will continue to improve its institutional systems, ensure standardized and efficient operation of the Board. It will elaborate the future development blueprint for the company, accurately grasp the direction of the reform of state-owned assets and SOEs and guide the company in making appropriate systematic planning and top-level design; continue to push the company's transformative development forward, direct the management to plan and implement technological innovation and business model innovation in the new era and lead sustainable development of the industry; and push for resolution of the problems in reform and restructuring and structural adjustment by strengthening research, conducting full discussions and being prudent in decision-making.

14

Number of meetings convened by the Board of Directors

58

Number of items discussed and deliberated on

38

Number of resolutions passed

AUDIT FRAMEWORK

In 2015, based on the requirements of management, reform and development and centered on operation and management goals and the key points of work of the company, Baosteel made effective use of audit resources to conduct various internal audits.

Operational audit: Economic responsibility audit in the term of office of the leaders of Shaoguan Iron & Steel, Baosight Software and Shanghai No. 5 Steel Co., Ltd. was conducted to push the leaders to improve their efficiency in fulfilling duties and standardize corporate operations. In the meantime, Baosteel organized and conducted net assets audit projects to prevent loss of state-owned assets.

Investment audit: Baosteel focused on such audit projects as investment in the equity of Baosteel Metal Co., Ltd., process management of Zhanjiang Iron & Steel project, purchase of parts and firmware of the subsidiaries based in Shanghai and energy management contracting (EMC) so as to improve investment efficiency and performance, timely reveal and find process risk and ensure realization of the goals of major project construction.

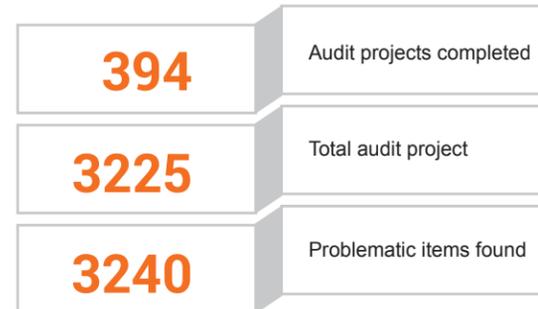
Management audit: Management audit projects such as environmental compliance audit, special audit for energy management contracting, special audit of the business authorization control and management in the third-level and the forth-level enterprises, business mode risk audit of Baosteel Engineering & Technology Group Co., Ltd. and assets disposal process audits were conducted to timely spot weak links of management, plug loopholes in management and provide value-added consultation services for the Corporation.

In 2015, Baosteel internal audit system completed 394 audit projects, finding 3,225 problematic items and putting forward 3,240 pieces of audit recommendations.

Work Achievements

Table of Completed Audit Projects in 2013-2015			
Category of audit project	Unit: Item		
	2013	2014	2015
Audit of financial revenue and expenditure	19	20	12
Audit of economic responsibilities	76	78	144
Audit of net assets of property right change	33	29	52
Audit of final settlement at completion of investment projects	55	47	24
Audit evaluation of investment projects	10	6	12
Investment project cost auditing	48	11	11
Management audit	85	153	139
Total	326	344	394
Number of the items of investment project cost sent for auditing	758	389	525
Net project fund reduced after audit (RMB Billion)	0.56	0.34	0.43

In 2015, Baosteel internal audit system



ANTI-CORRUPTION



In 2015, Baosteel simultaneously advanced anti-corruption campaign, reform of SOEs and the preservation and appreciation of value of the state-owned assets, earnestly performed various tasks for comprehensively tightening disciplines and rules of the Party by putting disciplines and rules in the first place, strictly strengthening entity responsibility of the CPC Committee and the supervision responsibility of the discipline inspection commission, supporting the central team for disciplinary inspection, and conscientiously conducting rectification of the faultiness found in disciplinary inspection, and deeply promoted construction of the Party style and anti-corruption campaign so as to provide powerful guarantee for the continuous and healthy development of the Corporation.

Improvement in the Institutional System and Work Mechanisms of Anti-corruption and Integrity Upholding

Further Promoting Implementation of "Two Responsibilities"

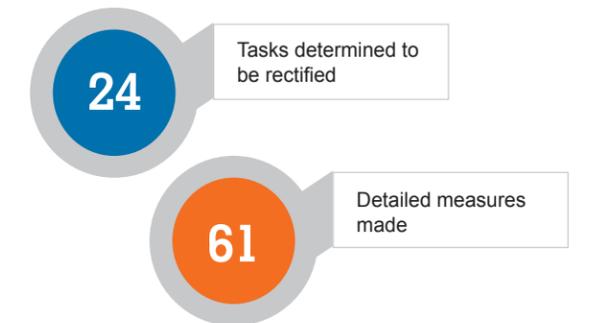
In 2015, the Party Committee of Baosteel, according to the requirements of the Central Committee of the CPC on comprehensively tightening the discipline and rules of the Party, strengthened the unified leadership of construction of the Party styles and anti-corruption. In the process of the special inspection and inspection rectification led by the 13th Central Team for Disciplinary Inspection, Baosteel further strengthened the implementation of "two responsibilities". The Corporation formulated and implemented *Opinions on Further Implementation of Responsibility System of Construction of the Party Style and A Clean Government (Trial)* and *2015 Division of Baosteel's Key Work and Responsibilities for Party Style Construction and Anti-corruption* so as to continuously define the concrete responsibilities and work processes of the Party Committee, the Discipline Inspection Commission, Party and administrative responsible persons, other members of leadership and departments, and constantly improve the working mechanism of responsibility division, supervision and inspection, examination and evaluation and accountability investigation. Baosteel conducted evaluation of the status of implementation of "two responsibilities" and the key work of anti-corruption and included the results in the annual performance assessment of Party organizations and the leadership; conducted special study of the new cases and problems in terms of Party style and anti-corruption for solving them by responsibility leading group meetings, and coordinated in advancing the key work of the implementation of responsibility system; implemented interview system and conducted special inspection and supervision of the status of implementation of "two responsibilities" and rectification of the faultiness found in disciplinary inspection to strengthen notification, supervision and urge and guidance of implementation of responsibilities. The Corporation reinforced accountability system, and 21 direct leaders who failed in implementation of "two responsibilities" were held accountable.

Discipline inspection organizations at various levels focused on central tasks, transferred functions, working modes and styles, further improved working mechanisms such as work reporting, internal communications, external coordination and performance evaluation, formulated methods and processes for nomination, investigation and assessment of the secretaries and deputy secretaries of discipline inspection commissions and strengthened the leadership of a superior discipline inspection commission to its subordinate discipline inspection commissions so as to provide organizational guarantee for deepening supervision, discipline execution and accountability.

Related Measures and Results

Seriously Carrying out Rectification of the Faultiness Found in Disciplinary Inspection

After getting the feedback of disciplinary inspection, Baosteel immediately formulated and implemented the *Work Scheme for Rectification and Implementation of the Feedback of the 13th Central Team for Disciplinary Inspection*, in which 24 tasks were determined to be rectified and 61 detailed measures were made. The Party Committee of Baosteel insisted on problem-oriented approach, stuck to the principle of immediate and systematic rectification of problems, constantly conducted "four special treatment campaigns" and timely publicized the result of the rectification to the public.



Conducting Special Treatment Campaign of the Illegal Engagement in Business Operation and Running a Business By Leaders' Relatives:

A total of 1,464 leaders under the direct leadership of the Corporation or above, the personnel holding key management positions at the headquarters and the leaders under the direct leadership of all the secondary units filled in the "Report on Related Issues of Engagement in Business Operation and Running a Business by Leaders' Relatives", and 40 reported that their relatives were engaged in business operation or running a business and had a business relationship with Baosteel; 12 leaders under the direct leadership of the Corporation whose relatives were illegally engaged in business operation and running a business were imposed Party and administration disciplinary punishment and organizational disposal; *Regulations on Further Regulating the Behaviors of Business Operation or Running a Business by leaders and Their Relatives and Other Specific Related Parties(Trial)* was formulated to strengthen the management of suppliers and strictly implement the access system so as to improve relevant systems and mechanisms from the source.

Carrying out Special Treatment Campaigns against Violations of the Spirit of the Eight-Point Guidelines Issued by the CPC Leadership and Prominent Problems Related to Four Undesirable Work Styles (Formalism, Bureaucracy, Hedonism and Extravagance):

Baosteel found and corrected 718 problems such as use of official business vehicles, hospitality programs, overseas business trips and illegal purchase of commercial prepaid cards for business contact since the 18th CPC National Congress, especially since the implementation of the "mass line" campaign; regulated position-related consumption behaviors, seriously investigated and prosecuted related personnel who violate regulations and disciplines and held them accountable, revised and improved relevant systems such as *Management Measures for Position-Related Treatment and Remuneration of Corporate Principals and Business Expenditures and Guiding Opinions for Further Reiteration of Regulating Reception and Meeting Affairs*, and strengthened long-term mechanism construction.

Carrying out Special Treatment Campaigns against Prominent Problems in Investment:

Baosteel sorted out and gave a comprehensive reflection on the problems occurring in the decision-making of some acquisition, construction and investment projects, implemented long-term measures for rectification of existing deep-rooted problems, formulated and revised systems such as *Rules for Fixed Assets Investment Management*, worked hard to recover relevant economic losses and organized special investigation teams to make deep investigation into suspected issues related to tunneling of interest.

Carrying out Special Treatment Campaigns against the Prominent Problems in Selection and Appointment of Personnel:

Baosteel rectified the prominent problems in selection and appointment of leaders and the personnel holding a key position, reviewed the personnel files of 221 leaders under the direct management of the Corporation and the personnel holding key management positions at the headquarters, formulated and revised systems such as *Measures for Implementation of Reporting Relevant Individual Issues of Baosteel Leaders*; examined and checked the reports of 160 leaders to be promoted and 157 leaders chosen at random, and conducted disposal on the leaders involved in underreporting, carried out special treatment campaign against leaders' overseas trips with public funds, imposed Party and administrative disciplinary punishment on leaders who went abroad for private purposes without seeking for approval by complying with relevant work procedures or made unfaithful reports on relevant personal issues, and conducted centralized management of 2,200 documents of more than 2,100 people for overseas trips for private purposes.

Strengthening Discipline Restriction and Supervision and Inspection

Strengthening Education in Discipline:

In 2015, Baosteel strengthened education and training in the political discipline, organizational discipline, integrity discipline, mass discipline, work discipline and life discipline of the Party and the two intra-Party rules (namely, *CPC's Rules on Integrity and Self-discipline and CPC's Regulations on Disciplinary Punishment*), organized 818 learning activities, and held 94 warning and educational conferences with participants of more than 32,000 person-times.

94 Warning and educational conferences held

32000 Participants



Strengthening Discipline Execution and Supervision:

Baosteel strengthened supervision and inspection on discipline execution by means of disciplinary inspection, special inspection and performance supervision and inspection. In 2015, the CPC Commission for Discipline Inspection of Baosteel, together with relevant departments, conducted special inspections over 12 units' implementation of the eight-point guidelines issued by the CPC Central Committee, status of rectification of the prominent problems of four undesirable work styles, such as formalism, bureaucracy, hedonism and extravagance, and the status of rectification of illegally business operating or running a business by leaders' relatives; promoted performance supervision and inspection projects such as tendering management, online purchase (sales), comprehensive environmental governance, straight feeding management, subcontracting, spare part repair, solid waste recycling, and the purchase management of ferroalloy, steel scrap and bulk raw materials and fuel, and standardized relevant systems and processes.

Strictly Investigating and Prosecuting Cases of Violation of Rules and Discipline

In 2015, Baosteel strengthened discipline investigation, implemented the work mechanism of the CPC Standing Committee's hearing of the Discipline Inspection Commission' reports on the status of investigation and prosecution of cases, improved such mechanisms as that the investigation of cases should be mainly under the leadership of superior discipline inspection commission and the utilization of verification results of problem-related clues, and deepened mechanism of centralized disposal of important clues and centralized joint hearing of the verification results of significant complaint reporting which were led by the secretary of discipline inspection commissions. Throughout the year, 45 investigation teams were established to verify various clues one by one by centrally drafting personnel for over 150 person-times.

Status of accepting complaint reporting and investigation into cases

Working items	2013	2014	2015
Number of problem-related clues	121	279	801 (including the 419 ones transferred by the central team for disciplinary inspection)
Number of cases filed for investigation	31	68	83
Number of cases closed	31	61	78
Number of people punished by Party discipline	6	15	50
Number of people punished by administrative discipline	21	61	41
Number of people with whom the labor contract was terminated	2	18	12
Number of people transferred to judicial organs for criminal punishment	6	36	2

Constantly eliminating minor infractions in a strict manner: Through the year, Baosteel conducted correspondence inquiry for 26 person-times, admonition talks for 87 person-times, and warning talks for 144 person-times, and gave 229 supervisory suggestions; Baosteel strictly implemented no-admittance system, released the 12th no-admittance list, in which 46 units and 499 individuals were listed, conducted special inspections over the status of no-admittance of suppliers and improved the electronic check system for no-admittance lists. The Corporation further advanced sunshine and standardized execution of power and deepened governance from source.

26 Person-times of correspondence inquiry

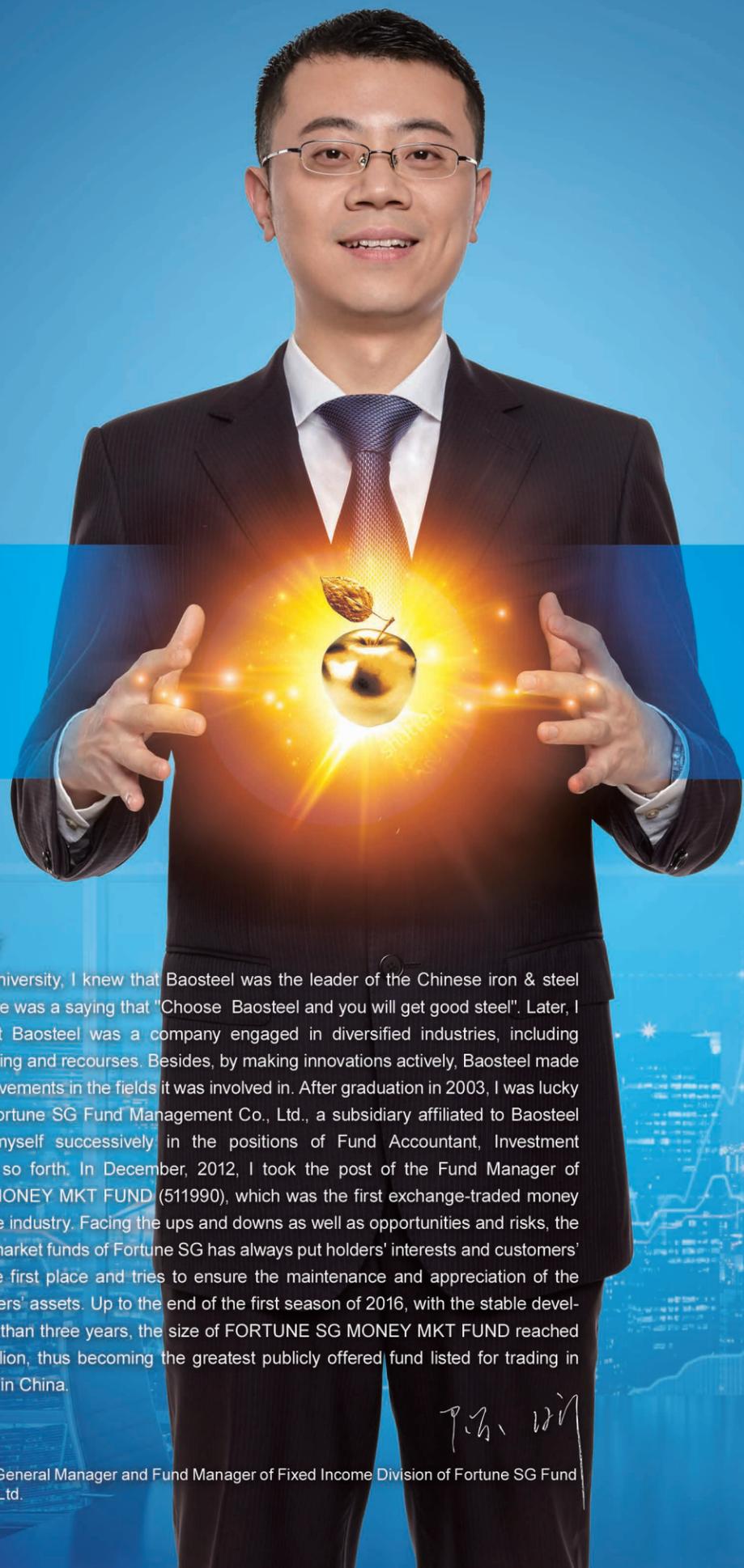
87 Person-times of admonition talks

144 Person-times of warning talks

229 Supervisory suggestions given

Status of Integrity of Leaders at Different Level in 2015:

Working items of integrity	2013	2014	2015
Amount of part-time remuneration given in by directing staff (RMB 10,000)	147.8	40.65	27.7
Gift of money, gifts and valuable securities given in voluntarily (person-times)	2,493	1,320	1,110
Amount of cash gifts, gifts and securities given in voluntarily (RMB10,000)	238	145.9	138.45



My Story

When I was in university, I knew that Baosteel was the leader of the Chinese iron & steel industry, and there was a saying that "Choose Baosteel and you will get good steel". Later, I got to know that Baosteel was a company engaged in diversified industries, including finance, engineering and recourses. Besides, by making innovations actively, Baosteel made remarkable achievements in the fields it was involved in. After graduation in 2003, I was lucky enough to join Fortune SG Fund Management Co., Ltd., a subsidiary affiliated to Baosteel and tempered myself successively in the positions of Fund Accountant, Investment Transaction and so forth. In December, 2012, I took the post of the Fund Manager of FORTUNE SG MONEY MKT FUND (511990), which was the first exchange-traded money market fund in the industry. Facing the ups and downs as well as opportunities and risks, the team for money market funds of Fortune SG has always put holders' interests and customers' experience in the first place and tries to ensure the maintenance and appreciation of the values of customers' assets. Up to the end of the first season of 2016, with the stable development for more than three years, the size of FORTUNE SG MONEY MKT FUND reached RMB 153.283 billion, thus becoming the greatest publicly offered fund listed for trading in stock exchanges in China.

Chen Xin, Deputy General Manager and Fund Manager of Fixed Income Division of Fortune SG Fund Management Co., Ltd.

Every new step taken has created value for society and also narrowed the distance between reality and ideal

Over thirty years Baosteel has fulfilled its dream

Known as a product of the reform and opening up of China, Baosteel was commenced the construction.

1978

Baosteel became the first Chinese iron & steel enterprise to adopt "separation of supporting sectors from main business". By establishing a socialized and professional collaborative system, Baosteel began to focus on refining its iron & steel business.

1986

Baosteel organized Baosteel Iron & Steel Institute based on the original Central Laboratory affiliated to the Department of Technology.

1988

Baosteel successfully completed the first trial rolling of the steel for coinage. After that, a series of products such as pipe line steel, automotive steel and silicon steel for replacement of imported goods were launched.

1992

Baosteel Iron & Steel (Group) Corporation Technology Center was identified as one of the first batch of national enterprise (group) technology center.

1994

Baosteel proposed to build itself into a multi-national and cross-industry large-scale group which was mainly engaged in one main business and multiple diversified industries and integrated industry, finance and trade into one, and planned to step into the world's top 500 enterprises in 2010.

1995

Baosteel started to sit in on the "WorldAutoSteel" Conference and formally joined it in 2005, being committed to the R & D and the technology of use of advanced high-strength steel.

1999

The Shenzhou III Spacecraft using the special steel produced by Baosteel was successfully launched, indicating that Baosteel started to provide a large amount of key matching materials for China's space transportation equipment.

2002

Baosteel became the first Chinese iron & steel enterprise listed among the Fortune Global 500, six years ahead of its original schedule.

2004

Baosteel started to transform from the "premium products strategy" implemented in the initial period of its construction to the development strategy of "premium products + scale" and forcefully improved its comprehensive competitiveness.

2007

Baosteel realized the global debut of the third-generation ultra-high-strength steel QP980.

2013

Witnessed Baosteel's being listed among the Fortune Global 500 for the twelfth consecutive year and ranking at the 218th place. In addition, Baosteel was conferred the honor of the "Most Admired Chinese Company" for the tenth time.

2015

DIRECT ECONOMIC PERFORMANCE

Year 2015 was a turning year for China's steel industry and the whole industry entered a cycle of economic downturn. Steel prices went down constantly and the market demand was weak. The total output of crude steel in China experienced negative growth for the first time in the past 34 years and a great many steel enterprises suffered huge losses. The proportion of lossmaking of large and medium-sized key steel enterprises in China reached over 50%. The whole steel industry entered the "Ice Age".

Under severe operating situation, Baosteel ventured to face challenges. By forcefully implementing structural adjustment and promoting industrial transformation and capital operation, the Corporation achieved operating revenue of RMB 230.06 billion and total profit of RMB 1.03 billion.



230.06

Operating Revenue
(RMB Billion)

1.03

Total Profits
(RMB Billion)

	2013	2014	2015
Operating Revenue (RMB Billion)	303.10	297.74	230.06
Total Operating Costs (RMB Billion)	300.41	298.27	244.23
Total Profits (RMB Billion)	10.10	9.42	1.03
Total Assets (RMB Billion)	519.46	534.71	529.33
Owners' Equity (RMB Billion)	273.86	291.18	279.59
Output of Crude Steel (Million Tons)	45.04	44.50	36.11

ALL-ROUND RISK MANAGEMENT



Baosteel, according to the classification principle of strategy and investment, supply chain operation, internal pure risks and external pure risks, formulated targeted risk management and control strategies, constantly improved the management frame of differentiated risk classification and constantly enhanced its management and control capability. Concrete work was put forward for promotion from three levels of corporate governance, risk management and control of subsidiaries and risk management functions so as to improve the overall level of corporate risk management. Baosteel specified the targets, working items, symbolic achievements and completion time of the key work of risk management in 2015 from three perspectives of common work, supportive work and audit supervision of major risks.

Baosteel constantly promoted independent risk assessment of plans, major investment projects and new business projects, optimized and improved scientific mechanisms for strategic planning and investment restriction, kept prudent in operation and pushed forward standardized and scientific decision-making and transformation and upgrade. In combination with the rectification of the faultiness found by central team for disciplinary inspection, the Corporation sorted out common problems and promoted the improvement in relevant investment systems. Business authorization was timely adjusted according to the changes in management. Management requirements were successively released, including *Guiding Opinions on Introduction of Multiple Investment Bodies for New Investment Projects*, *Notice on Further Enhancement of Assets Evaluation Management and Notice on Adjustment of Subsidiaries' Procedures for Decision-making of Major Matters*.

The Board of Directors approved four major risks and four important risks in 2016 which deserved special attention and involved structural adjustment, restructuring and optimization, inventory, credit, exchanging rate risk control, execution of the prohibitions in operation and prevention of environmental protection risks. The Corporation specified management and control requirements and accountable units for various risks.



KEY PROJECTS

▶ Industrial Structural Transformation of the Steel Industry

Transformation of the Stainless Steel Sector

In Shanghai, the Corporation actively carried out national industrial policies, promoted the industrial structural adjustment of the steel industry in accordance with the policy of “reducing volume, increasing benefits, adjusting and developing”, and speeded up the transformative development of the stainless steel sector by shutting down the 750 m³ Blast Furnace and the No. 2 Sintering Machine at the stainless steel area in advance.

Capacity Integration of Baosteel Special Steel and Bars of Shaoguan Iron & Steel

Baosteel planned to create a high-end long products base represented by steel for automotive parts by combining the advantage of Baosteel Special Steel in brand and the advantage of Shaoguan Iron & Steel Bar in craft equipment and optimizing and integrating long products resource of Baosteel Special Steel and Shaoguan Iron & Steel.



Major Investment Projects

Ouyeel Commerce

Since its establishment in February 2015, Ouyeel Commerce has positioned itself in “the Internet + steel” and aimed at building up a steel service platform to improve the capacity of the steel industry chain ecosystem. Through continuous exploration, among multiple business modes, it developed an operation mode which started from the supply side, with supporting financial and logistics services, and conducted transactions in a high-stickiness business model. By means of resource integration and business restructuring, five trading and supporting service platforms including Ouyeel e-commerce, logistics, finance, materials and data were established, a third-party service system open to the steel industry was preliminarily built up, and integration and platform-based operation of relevant service resources of Baosteel was realized. Through the year, its transaction volume reached 10.18 million tons, surpassing the goal of eight million tons set early in the year and thus indicating its initial success in operations. The effectiveness of the business model of Ouyeel gradually showed up, its service radius constantly increased and strategic layout was basically completed, which laid a solid foundation for comprehensively improving the service capacity, completing the construction of ecosystem quickly and establishing its leading position in the industry.

Zhanjiang Iron & Steel

On September 25, Zhanjiang Iron & Steel, with the goal of building a steel “dreamworks” with the highest efficiency all over the world, witness the ignition of its No. 1 Blast Furnace. Since it was put into production, the capacity gradually increased. Up to the end of the year, the output of molten iron, steelmaking and continuous casting slab were respectively 0.747 million tons, 2,227 furnaces and 0.701 million tons. Expansion of the variety of steelmaking got on the right track with 97 steel varieties expanded and the first batch of slabs were delivered for rolling.

The Internet+ Other Business

Baosteel initiated the establishment of Shanghai Ore International Trading Center and established third-party e-commerce platforms of “ChinaELV” and “chebao360.com” through joint venture, stuck to the “Internet Plus” strategy, Baosteel strove to develop non-steel markets, successively entering into the market of financial software and financial services, and the business of IDC kept growing rapidly.

TECHNOLOGICAL INNOVATION



Work Objectives

Baosteel constantly conducted system optimization and exploration of innovation mechanisms to enhance the capacity of technological innovation system, kept high R & D Investment, and promoted the research and development of key products and new technologies in the planned period to provide support for corporate operation and industrial transformation and upgrade.

Indicator	2013	2014	2015
Investment in R & D (RMB Billion)	5.88	6.07	4.74
Percentage of R & D Investment (%)	1.9	2.0	2.0
Number of Patent Applications	2,592	2,272	1,979
Sales Rate of New Products (%)	18.1	17.7	16.8
Number of Granted Patents	1,768	1,665	1,476
Economic Benefits of Scientific Research Projects (RMB Billion)	2.01	1.55	1.37
Amount of Technology Trade Contracts (RMB10,000)	8,823	9,119	1,938
Number of Technology Trades	40	73	30

▶ System Building

Improving the Operation Mode of Internal R & D Coordination to Realize Sharing of Advantageous Technologies

As the core R & D institute of Baosteel, Baosteel Central Research Institute gave full play to the advantage of the collaborative working mechanism of “One Plant to One Institute” by giving rapid response to R & D demand of the iron & steel units in Shanghai and carrying out technology-based cost reduction and field study. In the meantime, it planned coordinated R & D topics in accordance with the difficulties and demands of the iron and steel units outside Shanghai, which effectively reduced the cost of molten iron of Bayi Iron & Steel and supported R & D of new sheet and plate products of

Shaoguan Iron & Steel, and initiated the personnel quality enhancement plan named “One Plan and Two Platforms” note to provide training of general courses for the iron and steel units outside Shanghai and enhance technicians’ professional skills.

Note: the “One Plan and Two Platforms” is a scheme for the growth of steel R & D team members outside Shanghai which was implemented by Baosteel Central Research Institute, namely, the plan for enhancement of the professional skills of R & D personnel, analytical testing support platform and information service technology platform.

Actively Carrying out External Collaboration and Broadening the Channel for Using External Resources

Based on its own needs, Baosteel selected advantageous disciplines of universities and institutes to conduct strong-strong cooperation, to establish long-term and steady scientific and technological cooperation relationship with them with a higher starting point and at a higher level; in the meantime, the Corporation conducted technological communications and benchmarking with POSCO, JFE, Mitsubishi and other global industry leaders and tried to find gaps with them in product variety, quality, craft equipment, energy saving and environmental protection so as to enhance technological innovation and development of the Corporation.

In order to accelerate the formation of the capacity to gain technological resources from all over the world, Baosteel further optimized the operation mode and cooperation field of "Baosteel-Australia Joint Research and Development Center" and specified the second round of cooperation program (2016-2020). Meanwhile, the European R & D Center was newly established to cooperate with University of Birmingham in the analytical technology of material service safety.

▶▶ Achievements of Technological Innovation

In the face of the tough market environment, Baosteel solidly pushed forward technological innovation and gained some remarkable achievements: a group of products realized global debut. Some major innovation projects such as thin-strip casting and COREX (Bayi Iron & Steel) made progress; three projects including "Development and Application of High Grade Non-Oriented Acid Silicon Steel Continuous Pickling Rolling Technology" was granted the first prize of the National Metallurgical Science and Technology Award; and Baosteel was again recognized by the Ministry of Industry and Information Technology of the People's Republic of China as "National Technological Innovation Demonstration Enterprise".

Upholding the Principle of "Technology Taking Precedence" to Construct Sustainable Advantage in Competition

● Making New Progresses in New Product R & D

High-performance carbon steel: Baosteel kept its R & D advantage and made new progress, specifically, the cold-rolled medium manganese steel 1180 MPa and high magnetic induction grain-oriented silicon steel B18R065 and other products realized global debut; the trial production of cold-rolled martensitic steel M1700CR was successfully completed, which made a new record of the upper intensity limit of Baosteel's automotive sheet products; Baosteel's conceptual white car body (BCB) was successfully researched, which comprehensively demonstrated Baosteel's capacity of providing vehicle materials solutions; and refined products such as composite board and 9Ni steel realized bulk supply, which effectively supported the operation of the Corporation.

High-end stainless steel: Baosteel developed super ferrite stainless steel B446 (28% Cr) and successfully conducted bulk trial production, bridging the gap in China and also making Baosteel one of the two or three manufacturers producing the products in the world; two ultra-pure ferrite stainless steel including B436M realized global debut, which rewrote the selection norms of SCR in China, and were successfully applied to commercial vehicles; relevant steel varieties used for automotive exhaust system were certified by the main engine plants in Europe, America and Japan and those of car manufacturers with self-owned brands, and main components assembly plants in Europe, America and Japan and main components suppliers in China, and were widely applied in the automotive exhaust system of joint venture vehicles and those with self-owned brands.

High-performance special materials: the 690 alloy water chamber barrier for nuclear evaporators CAP1400 realized global debut, the anti-corrosion alloy developed for supporting the third generation of critical nuclear equipment, special stainless steel sheets, tube and forge piece products were applied to national demonstration projects; small-bore high-temperature-resisting alloy tube for the national test

Planning New Mechanisms for Achievement Incubation and Carrying out Exploration for Building Innovation and Start-Up Platforms

In combination with the national strategy of "mass entrepreneurship and innovation", Baosteel carried out exploration for building new mechanisms and platforms combining research and development with capital, to stimulate the passion of R & D personnel for innovation and entrepreneurship and speed up the industrialization of new achievements. Currently, in combination with the construction of the industrial park, Baosteel has set out to plan the industrial incubator, to create a new industry incubation platform of the Corporation and form capacity for the development of new industries.

platform for 700 °C ultra-supercritical thermal power unit realized trial production in bulk for the first time in China, which kept pace with the international R & D level; and 300M steel for the undercarriage of C919 commercial aircrafts was certified, making Baosteel the only domestic supplier of A-type steel for giant plane projects.

● Making Breakthroughs in Some New Metallurgical Technologies

Baosteel made breakthroughs in a number of new metallurgical technologies through continuous R & D and promotion and they have been introduced into industrial application. Focusing on challenging techniques such as continuous casting and production of new steel varieties, Baosteel strove to make technical breakthroughs in thin-strip continuous casting in order to further its capacity of thin-strip continuous casting; based on COREX-3000 and taking advantage of the features of mineral resources in Xinjiang Uyghur Autonomous Region, Bayi Iron & Steel constructed the most advanced and largest blooming furnace in the world and the furnace was successfully put into operation; Baosteel took the lead in the industry in making the "Intelligent Manufacturing" Planning and its "Intelligent Hot-rolled Workshop Project" was selected as a pilot for intelligent manufacturing in 2015 by the Ministry of Industry and Information Technology of the People's Republic of China.

● Continuously Carrying out Research into Green Steel Manufacturing Technologies

Surrounding such links as energy saving, water conservation, gas pollutant treatment and solid waste recovery, Baosteel speeded up innovation in energy-conserving and environmental-protection technologies. Baosteel gave priority to making breakthrough in the technical bottleneck of the industrial application technology of sensible heat recovery of raw coke oven gas of coke oven and mastered the technical capacity of reducing process energy consumption of coke oven through raw coke oven gas recovery; R & D achievement of packaged technology development and industrialization of sintering waste gas recycling was selected and included in the *Cases of Key and Common Technologies for Clean Industry Production (2015)* compiled by the Ministry of Industry and Information Technology of the PRC; according to pilot test result of integrated governance of sintering gas, the rate of desulfurization, of denitration and of dedioxin respectively reached over 98%, 40% and 97%, and the research results supported the project design and construction; breakthrough progress was made in industrial test of the treatment of dioxin via rotary kiln activated silica's absorption and the dioxin reduction rate reached a higher level; and the technology of emission treatment of urea-restricted sintering dioxin was successively promoted.

Speeding up R & D of Diversified Industrial Technologies and Improving Professional Skills

Baosteel Engineering & Technology Group Co., Ltd. constantly strengthened its capacity of independent integration of equipment and processes, cultivated core competitiveness and pushed forward research projects such as fan-shaped section under heavy reduction of thick-slab continuous caster, on-line 6-high leveling mill for continuous annealing unit and BAOREX integrated innovation project, and some achievements were introduced into industrial application; and the aviation coating technology was certified and approved by General Electric of the U.S.A.

Catering to the market demands closely, Baosteel Metal Co., Ltd. developed a number of competitive new products and new technologies to push product upgrade and structural transformation, such as 202 aluminum tank for high temperature boiling, engineering tire cord thread, galvanized steel wire, and etc.; and aiming at the demand for lightweight products of the field of big transportation, Baosteel Metal also developed seat frames for high-speed rail, frames for car dashboard and other lightweight products, and cooperated with BAIC Motor Corporation Ltd. and AMGAIN Shandong Magnesium Co., Ltd. in founding cooperative companies to accelerate industrialization of Magnesium alloy products.

Baosteel Development paid special attention to planning the demonstration project of intensive base and conducted research into resources and waste recycling for the purpose of supporting harmonious development of steel plants and communities; in the meantime, it co-founded a joint venture company with Shanghai Academy of Environmental Sciences to conduct cooperation on soil and underground water remediation and treatment in Shanghai and other areas in the Yangtze River Delta Region.

Baosteel Chemical accelerated transformation from the traditional coal chemical industry to new coal chemical industry and planned to focus on promoting the industrialization of high-quality needle coke, isotropic coke, coating coal tar and coumarone resin product group in the new round of planned period.

Baosight Software stuck to the technology-precedence strategy and technology planning and compiled Industry 4.0 Planning Report, which laid a solid foundation for becoming a leading enterprise of Industry 4.0 in the steel industry.



Development of the Key Manufacturing Process and Serial Products of Iron Nickel Base Ultra-high Alloy Oil Casing

China is a steel country worthy of the name with a total steel tube products output of over 80 million tons. However, the complete nationalization of senior products with high added-value and technology content such as iron nickel base ultra-high alloy steel tube has not been realized, which poses a threat to the security of national energy strategy of China.

Through close collaboration with down-stream users, Baosteel started from such aspects as the key manufacturing technologies, product seriation and application technologies of iron nickel alloy oil casing, and conducted research and development of iron nickel alloy products in a systematic way. Besides, in an innovative way, Baosteel developed complete technologies for manufacturing of iron nickel ultra-high alloy oil casing, and the technologies for control of precipitated phase of iron nickel ultra-high alloy, and developed methods for evaluation of erosion in the environment of high temperature, high pressure and high sulfur content, revealed the mechanism of erosion of iron nickel ultra-high alloy oil casing in the high acid environment, and formulated selection specifications in such an environment by innovation, which bridged the gap of manufacturing technologies and products concerning iron nickel alloy oil casing in China and realized complete nationalization of iron nickel alloy oil casing in China.

In 2008, the iron nickel base products developed by Baosteel realized nationalized supply for the first time in China, and in 2010, the self-sufficiency rate of iron nickel alloy oil casing in China reached 100%. From 2012 to 2014, the total sales revenue of iron nickel alloy oil casing increased by RMB 1.04 billion with paid tax of 0.177 billion, which saved purchase cost of over RMB 1 billion for the state and greatly supported safe, economical and effective development of high-temperature, high-pressure and high-acid gas field in China, such as Puguang, Dawan and Longgang. In 2015, the achievement was awarded the first prize of the National Metallurgical Science and Technology Progress Award.





My Story

With changes of times and development of social economy, the demand of people for living environment has been becoming higher and higher. Baosteel proposed its environment management strategy in 2010 with a view to strengthening the function of iron & steel enterprises in efficient energy conversion and social waste absorption to boost the urban ecological civilization. Being one project led by this strategy, the research and development plan of BCB was commenced by Baosteel in 2011 and the manufacture of the sample car for display was completed in October, 2015. The white car body integrated almost all the advanced high-strength steel products and technologies in the world, with a proportion of high-strength steel of 78 % and the vehicle performance meeting the C-NCAP five-star crash requirements. Compared with the white car body of the same class, its total weight reduced by 20 % to 30 % and the oil consumption is greatly reduced. High strength and reduced thickness contributes to realize the goal of maintaining the vehicle performance and a lightweight car body. In addition to boosting the advance of the research and development and application of China's auto steel materials, carbon emission is reduced to reduce the load on the environment.

陆江欣

Lu Jiangxin, Director of Baosteel Automobile Steel Development and Application Technology National Key Laboratory

Every progress has been made with emphasis on environment Over thirty years Baosteel has built a harmonious relationship with nature

Known as a product of the reform and opening up of China, Baosteel was commenced the construction.

1978

Before the Phase-I Project of Baosteel was put into production, the Energy Center, as the guarantee for the "putting energy first" strategy, was established and put into operation.

1982

The Phase-I Project of Baosteel was formally put into production, which was the first enterprise in China to apply CDQ, TRT, rotary furnaces gas collection and other energy-saving equipment and technologies.

1985

The Second Steelmaking Plant of Baosteel Co., Ltd. took the lead in China in adopting the technology of dry dedusting for LT gas.

1994

The first all blast furnace gas fired turbine in the world was put into operation in Baosteel, and the BSSF Steel Slag Processing device was successfully developed and applied to production.

1997

Baosteel became the first iron & steel enterprise certified to the ISO14001 Environment Management System in China.

1998

Baosteel Co., Ltd. released its first *Sustainability Report*.

2005

Baosteel became one of the first enterprises passing the acceptance check of "National Environmental Friendly Enterprise".

2006

The award was renamed "China Baosteel Environment Prize" by China Environmental Protection Foundation in honor of Baosteel's contribution to the undertaking of environmental protection and its achievements in earnestly fulfilling environmental protection responsibility.

2007

The sintering machine head desulfurizer with Baosteel's intellectual property right was constructed and put into operation.

2008

Baosteel became the first iron & steel enterprise certified to the National Energy Management System Authentication.

2010

Baosteel released the first Green Manifesto of China's iron & steel industry.

2011

Baosteel launched the First-Phase Demonstration Project of Golden Sun Photovoltaic Power Generation with an estimated annual power generation capacity of 100 million kWh to date.

2012

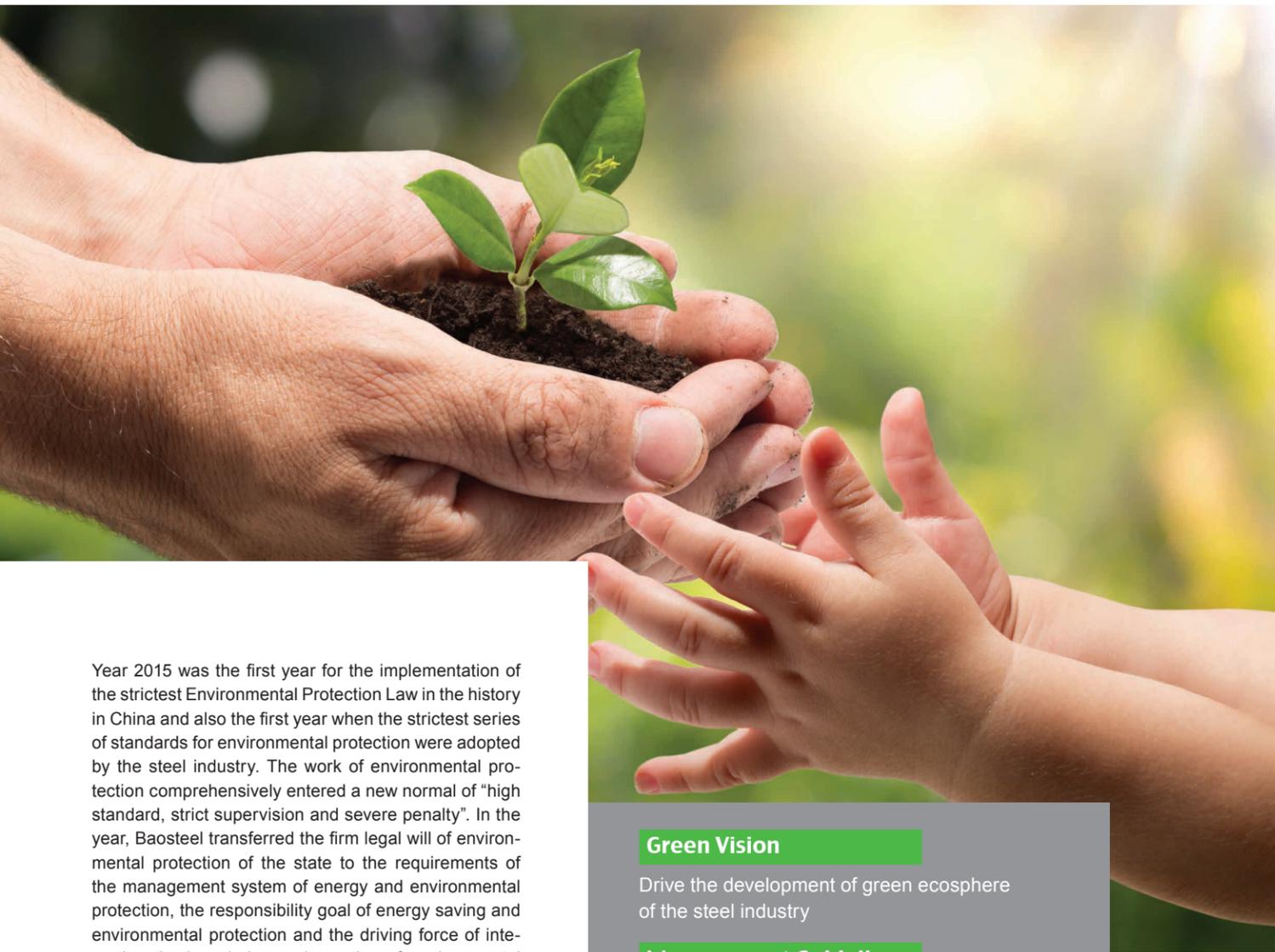
Baosteel became the first iron & steel enterprise launching the white car body.

2015

Baosteel promoted the "integration of production and urban development" so as to boost urban ecological civilization.

2015

GREEN MANUFACTURING



Year 2015 was the first year for the implementation of the strictest Environmental Protection Law in the history in China and also the first year when the strictest series of standards for environmental protection were adopted by the steel industry. The work of environmental protection comprehensively entered a new normal of "high standard, strict supervision and severe penalty". In the year, Baosteel transferred the firm legal will of environmental protection of the state to the requirements of the management system of energy and environmental protection, the responsibility goal of energy saving and environmental protection and the driving force of integrating the knowledge and practice of environmental protection in one. All the subsidiaries and departments, through joint efforts, held the bottom line of meeting standards and complying with the laws for environmental protection, and strictly controlled the total pollutant emission volume, remaining a good momentum for emission reduction. In the background that the steel industry entered a "severe winter" and the environmental protection supervision entered a new era of "strict control", any achievement made in energy saving and environmental protection did not come easy.

Green Vision

Drive the development of green ecosystem of the steel industry

Management Guidelines

Implement the main body responsibility of a legal entity by laws and regulations
Put into practice environment management strategies by upholding people-oriented principle
Drive green industrial development through technological innovation
Push forward urban ecological civilization through resource sharing

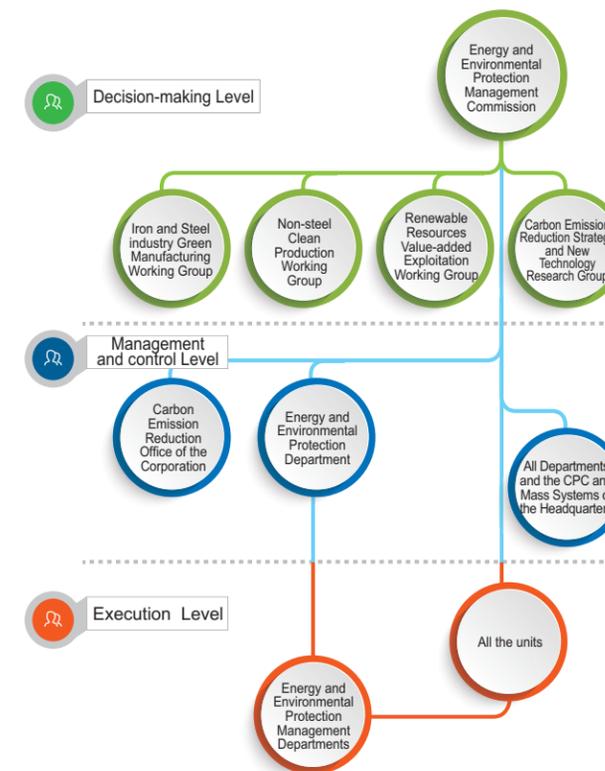
Management Principles

Baosteel stuck to the principle of "Party and administrative leaders sharing responsibilities" and "one position taking both responsibilities for production and environmental protection" in terms of energy saving and environmental protection, specified that the responsibility entity for energy and environmental protection of a unit was itself, and implemented the management principle of "legal person responsibility system", "hierarchical management", "conducting control and management by industries" and "localized management".

Management System

Improving Organizational System and Management System

In 2015, Baosteel strengthened the top-level design of the management of energy saving and environmental protection by establishing Energy and Environmental Protection Management Commission at the Corporation level, determining three layers of organizational system and framework in accordance with the principle of "hierarchical management" and specifying the management functions and responsibilities of various layers, which is illustrated in the figure below.



On the first working day of 2015, Baosteel held a conference of the whole Corporation on the management of energy and environmental protection and signed the annual A Pledge of the Targets of Energy Saving and Environmental Protection with all subsidiaries, in which restrictive targets were set, working requirements and evaluation methods were put forward; Arrangements of Baosteel on the Key Work on Energy Saving and Environmental Protection in 2015 and Special Program for Energy Saving and Emission Reduction in 2015 were issued to assign the work focuses on energy saving and emission reduction through the year, divide tasks and



implement responsibilities. Later, Notice on Further Improving the Construction Scheme for the Management System of Energy Saving and Environmental Protection was issued, which specified the overall targets of the construction of energy saving and environmental protection management system, formulated management guidelines, and improved the management framework covering the decision-making level, the management and control level and the execution level, and established mechanisms of "hierarchical management" and "conducting management by industries", which pushed managers of various levels to implement people-oriented environmental management strategies, and implemented the entity responsibilities of the legal persons of all units.

MANAGEMENT SYSTEM CONSTRUCTION

Management System Building

As of the end of 2015, all the main iron and steel production units affiliated to Baosteel had been certified to the Environment Management System and all the iron and steel production units, except Baosteel Desheng, had been certified to the Energy Management System; main industrial production enterprises of diversified industries had been certified to the Energy and Environmental Protection Management System.

In December, Baosteel Meishan Iron & Steel Co., Ltd. passed the mandatory audit and acceptance for clean production conducted by Nanjing Municipal Environmental Protection Bureau.

Multiple units such as Baosteel stainless Steel, Baosteel Special Steel, Songshan Co., Ltd. of Shaoguan Iron & Steel, Baoshan Branch and Meishan Branch of Baosteel Chemical, Jiangnan Rolls and Kede Co., Ltd. affiliated to Baosteel Engineering & Technology Group Co., Ltd. and Baosteel Technology Machinery Branch organized and implemented the second (third) round of audit of clean production and was approved.

Steel Resources Co., Ltd. of Baosteel Resources, Shanghai Baomin Gases of Baosteel Metal, Nantong Baosteel Iron & Steel Co., Ltd. passed the audit of clean production; and Shanghai Baosteel Printing and Shanghai Baosteel Cap Production passed third-party evaluation of clean production.



Green Communications

Deputies to Baoshan District People's Congress, members of the CPPCC Baoshan District Committee, and the representatives of the subjects of the united front work of Baosteel were invited to join activities for research and communications on "seeking the path of energy saving and environmental protection and building a green Baosteel"; the public benefit publicity and education activities themed by "knowledge on environmental protection entering campus for tomorrow" were conducted by collaborating with communities and schools.

On June 5, the World Environment Day, Baosteel Co., Ltd. organized nearly 50 deputies to Baoshan District People's Congress and resident representatives living in Yuepu in total to attend the release meeting for 2014 Baosteel's Report on Sustainable Development and planned various visiting activities on plant opening days according to the requirements of different groups. The representatives strongly felt the practice and efforts of environmental protection made by Baosteel. "The environment of the plant of Baosteel is better than that of our community," said one resident representative sincerely.

The Management Performance of the Environmental Protection Facilities of Baosteel Co., Ltd. were Superior to the Requirements of Environmental Protection Supervision and Control Issued by the Government

The A-type environmental protection facilities management mode was optimized and synchronous maintenance plans were made, and they were categorized in accordance with the influence of shutting down of environmental protection facilities on production lines and environmental protection, which guaranteed the operation status of the facilities and emission.

Performance supervision was conducted on the environmental protection management of the waste gas emission from ironmaking, steelmaking and power-generating, suggestions and measures for rectification were proposed and effect verification was conducted, which greatly improved management of field environmental protection facilities.

Key indicators of environmental protection facilities were reset and evaluated on a monthly basis by following operation parameters; batching and process control of sintering was optimized and source emission reduction and standard-reaching discharge of sintering NOx, Dioxin and other pollutants were stably realized; special research was conducted into the advancement and adjustment of the replacement cycle of cloth bags of dust removers, which improved the actual operation effect.

Pollutant treatment processes were completely sorted out and the quantity and layout status of environmental protection facilities were thoroughly figured out, which laid a foundation for lean management of environmental protection facilities.

Actions of Energy Saving and Environmental Protection

Emphasizing Management of Environmental Protection Facilities and Improving Essential Capacity for Environmental Protection

Guiding Opinions on Improving the Operation Management of Environmental Protection Facilities was formulated. Affiliated iron and steel production enterprises comprehensively conducted hierarchical management of environmental protection facilities; 210 sets of A-type environmental protection facilities were sorted out and the operating performance of 99 sets of key state-controlled pollution sources were reported to the Corporation. The operation performance indicators of environmental protection facilities were under complete control.



No.	Indicator	Annual objectives	Real performance in 2015	Compared with the same period last year (±0)
1	Comprehensive desulfurization rate (power plant)	95%	98.0%	+0.24%
2	Comprehensive denitration rate (power plant)	80%	82.2%	/
3	Comprehensive desulfurization rate (sintering)	86%	93.86%	+2.00%
4	Synchronous running ratio of A-type equipment for environmental protection	95%	99.92%	+0.01%

Improving the Environmental Monitoring System and Strengthening Special Audit of Environment Protection

Improving the Environmental Monitoring System

Guiding Opinions on Improving Environmental Monitoring was issued to guide and supervise all iron and steel production enterprises in improving their own environmental monitoring, which had sound effect. The year-on-year growth of monitoring data volume of Baosteel Co., Ltd. reached around 10%; Bayi Iron & Steel added more personnel, vehicles and detecting instrument for environment monitoring; and Baosteel Desheng invested and constructed an environmental monitoring station. Baosteel Engineering & Technology Group Co., Ltd. arranged personnel to provide field technological guidance and training for iron and steel production enterprises.

Baosteel Stainless Steel Realized Process Management and Control for Environmental Protection

Supervisory spot check and process monitoring were conducted with emphasizes on online test of water quality, air NO_x, SO₂, NH₄-N and other important environmental elements which had higher requirements on monitoring based on routine test items; and upload of online data and large screen display of environmental protection data of state-controlled pollutant source were finished; and process monitoring was conducted by combining existing on-line monitoring facilities.

Baosteel Technology Received Qualification of Dioxin Certification

Baosteel Technology affiliated to Baosteel Engineering & Technology Group Co., Ltd. successfully passed the laboratory CMA system extended review conducted by Shanghai Municipal Bureau of Quality and Technical Supervision on June 15, making it the first laboratory receiving the Dioxin CMA qualification in the environment monitoring industry in Shanghai.

Conducting Self-examination and Correction in Environmental Protection

All the subordinate units of Baosteel conducted comprehensive self-examination and correction covering companies, plants, branches of a plant and workshops in accordance with requirements of the Notice on Conducting 2015 Self-examination and Correction in Environmental Protection, found over 100 main problematic items, finished rectification of 33 ones and took the remaining items as the key work of rectification to be implemented and advanced in 2016.

Strengthening Special Inspection of Environmental Protection

Baosteel organized special inspection teams for environmental protection and strengthened field inspection and supervision. 26 problematic items were found and relevant requirements for rectification and correction were proposed in the first half of the year; "review" was organized in the second half of the year and the rectification of the units involved basically met the targeted requirements.

Special Compliance Audit of Environmental Protection

Special compliance audit of environmental protection of Meishan Iron & Steel, Bayi Iron & Steel, Shaoguan Iron & Steel, Baosteel Special Steel and Baosteel Chemical was completed. For the risks of environmental monitoring found in the audit, Baosteel instructed enterprises concerned to formulate schemes for rectification. Besides, the implementation status of such schemes would be taken as the key work of 2016 performance supervision.

Managing and Controlling Major Environmental Risk and Orderly Organizing Emergency Operation against Serious Air Pollution

Baosteel highly emphasized emergency environmental risk management and no major environmental risk or emergency environmental incident occurred in the year.

In 2015, Baosteel formulated *Management Measures for Risk Control of Enterprise Emergency Environmental Incidents* to guide subordinate units to formulate emergency response plans against emergency environmental incidents; all the units formulated *Risk Evaluation Report on Enterprise Emergency Environmental Incidents* for the first time, for example, based on its own advantages, Baosteel Engineering & Technology Group Co., Ltd. compiled and reviewed the *Risk Evaluation Report on Emergency Environmental Incidents of the Headquarters of Baosteel Engineering & Technology* as a pilot enterprise; within the year, all second-tier units carried out 127 environmental response drills in total.

In the face of the serious air pollution occurring frequently in the recent years, Baosteel actively formulated emergency response plans and took emergency measures in order to make as much contribution to better air quality as possible. Baosteel formulated *2015 Working Program for Guaranteeing Winter Air Quality in Shanghai*, organized and initiated provisional management and control measures for 11 times and III-level emergency response measures for two times; and the Corporation actively communicated with competent departments of Shanghai Environmental Protection Bureau and Shanghai Municipal Commission of Economy and Information Technology and took relevant measures in a scientific and flexible way in accordance with the arrangements of production and operation, which received full recognition from relevant competent departments.



Increasing Investment and Promoting Implementation of Technological Renovation Projects

Baosteel had a total annual investment of RMB 2.19 billion and implemented 65 Corporation-level technological renovation projects for energy saving and environmental protection in accordance with the energy management contracting model. Desulfurization renovation of flue gas in 2×130t/h boilers of Bayi Iron & Steel, dedusting renovation of 4-6# sintering machine tail and batching of Shaoguan Iron & Steel were completed and put into operation. All the subsidiaries also increased investment in technological renovation and implemented a number of projects for energy saving and emission reduction based on their own needs.

In 2015, Baosteel Co., Ltd. planned to implement 71 items of technological renovation for energy saving and emission reduction and energy management contracting (EMC). 38 items were put into operation within the year, including 12 ones for technological renovation for energy saving and emission reduction, 19 ones for EMC and seven others; another 0.12 million tons of coal equivalent was saved through technological renovation, surpassing the annual target by 2%; the total waste heat recovered reached 1.87 million tons of coal equivalent, hitting a record high; the project for low-temperature waste heat ORC power generation with the first sintering circular cooler in China and steam recovery from waste heat of coke oven flue gas was launched; the exhaust gas temperature after recovery of waste heat of flue gas of silicon steel circular cooler was reduced to under 80 °C, marking a breakthrough in recovery of low-temperature waste heat; 20 rolled-steel air compressor dryers and 27 power plant drought fans were transformed for frequency-conversion power saving, saving electricity of 0.108 billion KWH every year.

Baosteel Zhanjiang Iron & Steel actively promoted application of new technologies for environmental protection. Since November 2015, desulfurization and denitrification systems of coke oven flue gas of Zhanjiang Iron & Steel respectively underwent heat load commissioning and the system operated stably. The emission concentration of SO₂ was below 30mg/Nm³ and the desulphurization efficiency was round 80%; the emission concentration of NO_x was around 100mg/Nm³ and the denitration efficiency was around 70%.



Circular cooler recovering waste heat of coke oven flue gas of Baosteel silicon steel



Desulfurization and denitrification systems of coke oven flue gas of Zhanjiang Iron & Steel



Sintering flue gas purifying device of Zhanjiang Iron & Steel

At the beginning of December 2015, the sintering flue gas purifying device of Zhanjiang Iron & Steel was undergoing system commissioning and the desulfurization and denitrification systems operated stably.

The project of frequency conversion transformation of the main sintering fan of 5# sintering of Baosteel Meishan Iron & Steel Co., Ltd. was completed and put into operation after passing the functional assessment, with an energy-saving rate of 10.05 %.

Bayi Iron & Steel conducted technological renovation on steel-rolling heating furnace oxygen-enriched combustion, achieving a year-on-year reduce by 15.2 % in the fuel consumption of steel-rolling process; technological renovation of recovery of waste heat of three sintering machines was carried out, with electricity of 87.25 million KWH generated using recovered waste heat within the year. After finishing desulfurization and denitrification technological renovation of 2*130 ton boiler, the dust concentration was lower than 5mg/m³, the sulfur dioxide concentration was lower than 50mg/m³ and the nitrogen oxide concentration was lower than 100mg/m³; after finishing the desulfurization technological renovation of 2*40 ton boiler of Xinjiang Coking (Group) Co., Ltd., emission concentration of all pollutants met the limits of special emission specified in the *Emission Standard of Air Pollutants of Boilers*.



Desulfurization and denitrification equipment of 2*130 ton boiler of Bayi Iron & Steel

2.19 RMB Billion

Total annual investment

65

Corporation-level technological renovation projects implemented for energy saving and environmental protection

12

Million tons of coal equivalent

Energy saved through technological renovation

187

Million tons of coal equivalent

Total waste heat recovered



Air compressor dryers of Baosteel silicon steel



Frequency-conversion drought fans equipment of Baosteel power plant

Striving to Optimize the Energy Structure and Controlling the Total Coal Consumption Volume

The plants directly under Baosteel Co., Ltd. further enlarged the size of PV power stations; based on the original PV power station of 50 MWp in operation, another 20 MWp was added, with an expected annual PV electricity production of 70 million KWH.

The roof photovoltaic power station project of Baoling Heavy & Industrial Machinery Co., Ltd. and Baosteel Roller affiliated to Baosteel Engineering & Technology Group Co., Ltd. produced an annual electricity output of 6.705 million KWH, increasing by 9 % compared with the same period in 2014.



70 Million KWH

Expected annual PV electricity production of plants directly under Baosteel Co., Ltd

Reducing Direct Delivery of Solid Waste and Improving Resource Use Efficiency

Baosteel constantly strengthened the risk management and control of dangerous waste by issuing Guiding Opinions on Strengthening Management of Dangerous Waste to request all affiliated units to conduct special actions for self-examination and correction of dangerous waste. Through self-examination and correction, all the units standardized the basic management of accounts of dangerous waste and manifest. All production units continuously improved the recycling rate of solid waste and reduced the generation of solid waste from the source so as to improve the resource use rate.

In 2015, Baosteel Co., Ltd. reduced the solid waste of iron and steel slag from the source by 10% by improving the recycling rate of solid waste; and further strengthened the capacity of process management and control of solid waste and lean management, and improved the capacity and functions concerning the process, emission and contract settlement of the comprehensive resource use system. The storage quantity of in-plant solid waste dropped by 15%.

Baosteel Development actively promoted rotary hearth furnace and other supporting projects. In September 2015, Zhanjiang Homogenizing System realized putting into operation synchronously with Zhanjiang Iron & Steel No. 1 Blast Furnace and the daily amount of the blending material delivered to Zhanjiang Iron & Steel reached nearly 400 tons; the oxidized scale system was put into production in December, which ensured the stable operation of production dispatching of Zhanjiang Iron & Steel; the test of making heat-rich fuel rod using plant waste of Baosteel Co., Ltd. was finished, and it was calculated that the heat value reached 2400-2600 kilocalorie/kg.

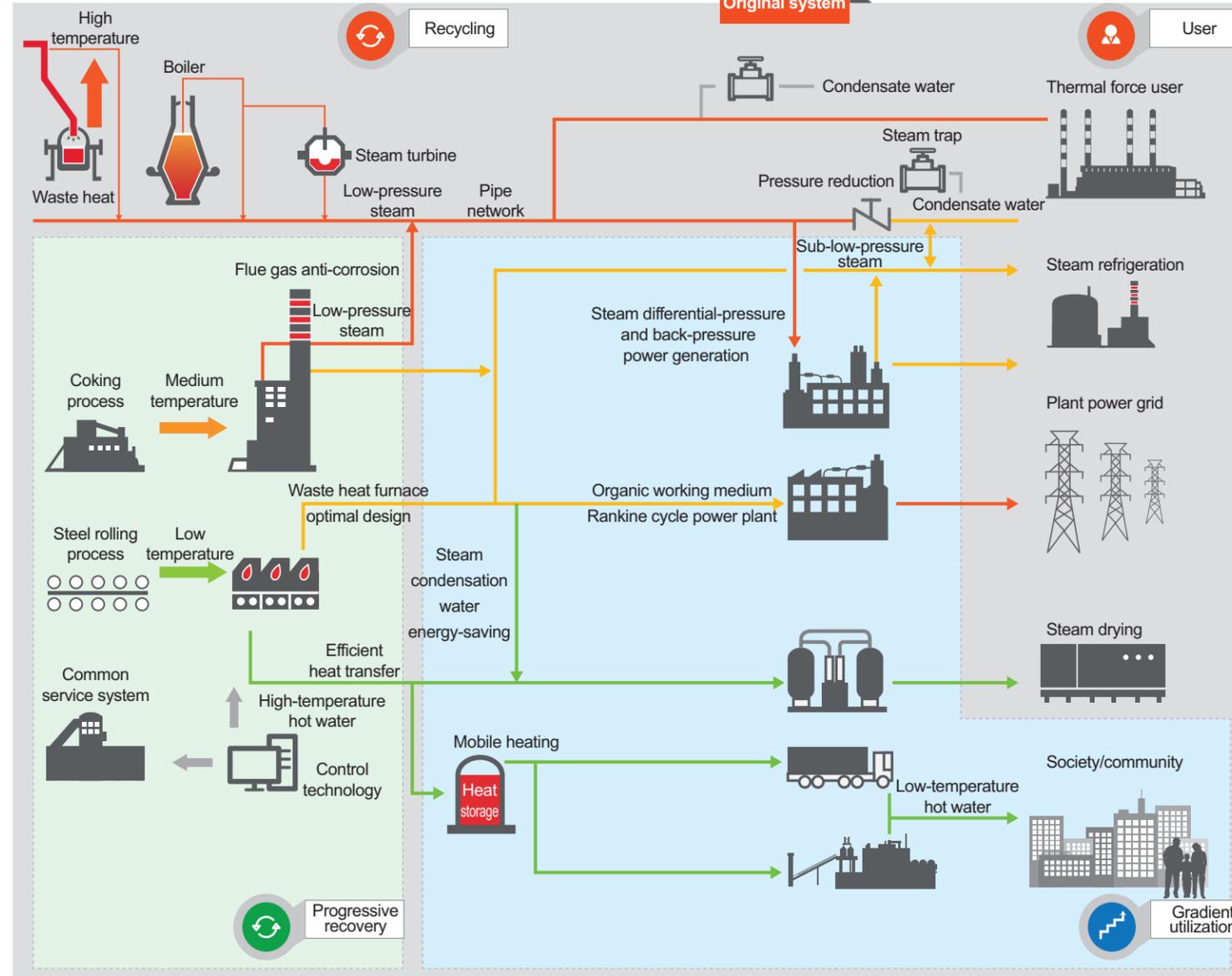
The Superfine Slag Powder Phase III Project of Bayi Iron & Steel, which was put into operation in 2015, had a capacity of three million tons of superfine slag powder. Since the superfine slag powder included iron element, it could be applied to building materials after undergoing magnetic separation and being returned to the sintering process. The steel slag plant had a processing capacity of one million tons a year. Through processes of stew, breaking and magnetic separation, iron element included in the steel slag were recycled for use of sintering or steel-making and the tailings were used as building materials.



Strengthening R & D of Green Technologies and Accelerating Achievement Transformation and Application

Baosteel constantly strengthened development and application of frontier technologies for environmental protection and accelerated achievement industrialization and application transplanting. In 2015, among the eight key Corporation-level scientific research projects for environmental protection of Baosteel, six projects, including the research and project demonstration of comprehensive Dioxin treatment technology and research into PM 2.5 pollution characteristics and countermeasures for control of Baosteel, were smoothly completed and had expected effect and the other two cross-year projects were advanced as planned; demonstration device for recovery of waste heat of raw coke oven gas of coke oven ascending tube was built and passed the national acceptance. Within the year, three scientific and technological achievements for energy saving and environmental protection including "R & D and Application of Low-temperature Waste Heat Recovery Technology of Baosteel" undertaken by Baosteel Co., Ltd., "Packaged Technology Development and Industrialization of Sintering Waste Gas Recycling" undertaken by Baosteel Central Research Institute and "Recovery of Waste Heat of Raw Coke Oven Gas of Coke Oven Ascending Tube" won the third prize of Baosteel Major Technological Innovation Achievement Award.

R & D and Application of Low-temperature Waste Heat Recovery Technology of Baosteel



Baosteel's Technology of Recovery of Sensible Heat of Raw Coke Oven Gas

Raw coke oven gas is a kind of combustible gas generated in the process of refining coke from coal. The average temperature when the raw coke oven gas was generated is around 750 °C and the current process is not capable of making use of the heat taken by the raw coke oven gas. "Baosteel's technology of recovery of sensible heat of raw coke oven gas" realized effective and stable recovery of sensible heat of raw coke oven gas. The industrial pilot test indicators of energy saving and environmental protection reached the international advanced level (the system can recover heat of 200 MJ/ton of coke and the coking process energy consumption was reduced by 6 ~8kgce) and passed expert review and verification organized by CCIA, which played a great role in accelerating technological innovation of energy saving and emission reduction of China's steel industry, improving waste heat resource use rate of coking process and reducing the process energy consumption.

Application of Sintering Machine and Rotary Kiln Dioxin Emission Reduction Technology

The study of the application of sintering machine and rotary kiln Dioxin emission reduction technology was conducted in China for the first time and industrial tests proved that the technological method controlled by chlorine elements, which was urea inhibitor coupling sintering raw material, was simple and effective, which had obvious effect on sintering Dioxin emission reduction and ensured Baosteel Co., Ltd.'s standard-reaching in emission of sintering Dioxin; activated silica adsorbent was adopted, the removal efficiency of Dioxin in the 200°C flue gas in the rotary kiln reached 70%, the Dioxin concentration was lower than 0.01ng TEQ/Nm³ (lower than the national standard by one order of magnitudes), which filled the gap in China and was a good case of China's performance of the Stockholm Convention concerning POPs. Upon identification, it played a great role in accelerating technological innovation of energy saving and emission reduction of China's steel industry, improving waste heat resource use rate of coking process and reducing the process energy consumption.

Supporting Ecological Civilization Construction and City-Enterprise Integration in Green Development

Based on the basic principle of "harmony between corporate operation and development and environmental protection", Baosteel studied and planned the directions and implementation path for common development of the Corporation and urban development. Baosteel piloted in coordinated treatment of dangerous waste by using rotary furnaces and made breakthroughs in integrated development with the city.

Baosteel Co., Ltd. and Baosteel Development gave active assistance to Shanghai City in the pilot of coordinated treatment of waste paint buckets by using metallurgical furnaces. Within the year, Baosteel Co., Ltd. disposed 600 tons of social waste paint buckets and 1,300 tons of waste paint buckets generated by itself with converters. Currently, Baosteel Co., Ltd. has an annual capacity of disposing 8,000 tons of waste paint buckets. Baosteel Development undertook the pretreatment of waste paint buckets in the pilot work and social contracts were signed by Waste Paint Buckets Pretreatment Disposing Center affiliated to Baosteel Development. 3,710 tons of waste paint buckets were collected, 826.73 tons of Baosteel Co., Ltd. and 131.02 tons of social paint buckets were pretreated or disposed. Baosteel Meishan Iron & Steel Co., Ltd. cooperated with the local government and established waste eliminating mechanism. With the support of Nanjing Municipal Environmental Protection Bureau, it signed *Exclusive Purchase and Sales Agreement on Scrap Steel Entering Steel-making Converters* with Nanjing Qiangding Science & Technology.

Baosteel Development energetically developed metallurgical slag silicon fertilizer and finished the application test of metallurgical slag silicon fertilizer in rice and bamboo forest, which proved to have remarkable yield-increasing effect on rice and bamboo forest. In 2015, product application and promotion of it was conducted by several fertilizer enterprises and 238 tons of ganister sand fertilizer were sold, which was expected to have a good market prospect.

Baosteel Construction affiliated to Baosteel Engineering established strategic partnership with "youzhu.com", a creator of Internet-based decoration affiliated to haierhome.com. Both parties would mainly cooperate in application of new steel materials in residences. In other words, "youzhu.com" would make reservations with decoration clients through its online platform and Baosteel Construction would realize mutual compensation of advantages with "youzhu.com" by providing industrialized and integrated decorations and furniture.



Exploring Low-Carbon Development Path and Taking an Active Part in Carbon Trading Pilot

In 2015, Baosteel, in the face of the new trends such as the national carbon market to be established and carbon tax mechanism, launched the *Research Project of Low-carbon Development Road Map*, completed evaluation of the status of total carbon emission and carbon intensity of 11 affiliated companies and analyzed the implementation of existing low-carbon manufacturing technologies. The Project would further study the applicability of frontier low carbon technologies in Baosteel and the design covered low carbon manufacturing technical scheme database concerning complete flow of steel processes and special carbon capture. Baosteel made medium and long-term low carbon development road map in accordance with its medium and long-term development planning and optimal combination of low carbon manufacturing technical schemes so as to guide China's steel enterprises in making carbon emission reduction strategies and remain Baosteel's leading position in carbon emission reduction technologies.

In 2015, all the units affiliated to Baosteel which participated in the carbon trading pilot completed field verification of 2014 enterprise carbon emission report and clearance of carbon quota in accordance with relevant requirements. Due to changes of property right structure, Baosteel has no longer assumed any responsibility for management of Weigang Energy Co., Ltd. since 2015.

Plant Ecological Greening Construction

Units affiliated to Baosteel attached great importance to ecological greening construction of plants and surrounding communities and a large amount of fund was invested in ecological greening construction.

On the basis of strengthening daily maintenance of over 700 m² of green land, the plants and departments directly under Baosteel Co., Ltd. implemented 20 greening transformation projects including construction of plant boundary forest belt and improvement of afforestation in the smelting area in 2015 with a greening transformation area of 467,000 m² and a plant greening rate of 35%. In particular, construction of another 49,500 m² of concentrated green land and forestation of staff accumulation area was completed, which provided an exquisite garden environment for resting staff. Baosteel Meishan Iron & Steel Co., Ltd. added another 17,500 m² of forestation area within the year, making the plant forestation rate reaching 37%.

Shaoguan Iron & Steel made unremitting efforts in plant afforestation, beautification, road dust governance, environmental improvement, sound greening maintenance and timely replanting, which greatly improved green land completeness and beauty. In 2015, 163346.44 m² of green area was newly added, making the plant afforestation rate increased by 1.6 % to 37.7 % compared with that in 2014, the area environment quality greatly improved and the plant dust amount reduced by 40.12 % year-on-year.



Environmental Protection Cost

The environmental protection cost of Baosteel included expensing item cost and capitalized item cost as below:

Environmental protection cost classification	No.	Indicator
Expensing items	1	Fee for discharge of pollutants
	2	System audit fee
	3	Environmental monitoring fee
	4	Environmental facilities operation cost
	5	Environmental facilities depreciation cost
	6	Labor cost for environmental protection
	7	Cost for transportation of hazardous substance
	8	Afforestation fee
	9	Solid waste disposal charge
	10	Investment in improvement of environmental protection of new, rebuilt and extended projects
	11	Environment R & D fee
	12	Others
Capitalized items	1	Investment in technical renovation for environmental protection of new, rebuilt and extended projects
	2	Investment of "three simultaneities" environmental protection matching projects

In 2015, all the production units affiliated to Baosteel continuously reduced the expensing costs for environmental protection by strengthening environmental management, making the total of the environmental facilities operation cost and the environmental facilities depreciation cost accounting for a high percentage in the expensing projects. Baosteel Development, as a professional operation company engaged in environmental protection, continuously increased its investment in environmental protection. The invest in expensing projects for environmental protection and capitalized projects respectively increased by 30.67 % and 7.12 % compared with that of the annual budget.



Energy Saving and Emission Reduction Performance

In 2015, the comprehensive energy consumption per ton of steel of Baosteel was **598** kg of coal equivalent and the energy consumption for production value of ten thousand yuan (comparable prices) was 0.90 ton; the emission amount of SO₂, oxycarbide and chemical oxygen demand were respectively **18,982** tons, **42,262** tons and **1,057** tons with a year-to-year drop respectively by **16.0 %**, **12.9 %** and **10.3 %**.

In 2015, compared with that in 2010, the comprehensive energy consumption for the production value of ten thousand yuan of Baosteel dropped by 6.9%, and the emission amount of SO₂, oxycarbide and chemical oxygen demand respectively decreased by 70 %, 45 % and 66%, indicating a successful completion of the objectives within its duty for energy saving and emission reduction during the 4th term of office of Baosteel or the "12th Five-Year Plan" period issued by SASAC.

On December 30, 2015, the NDRC issued the 2015 No. 34 Announcement and all the 18 enterprises affiliated to Baosteel participating in the "Energy Saving and Low-carbon Action of Thousands of Enterprises" completed or outperformed their 2014 targets for performance evaluation of energy saving.

598 kg of coal equivalent

Comprehensive energy consumption per ton of steel of Baosteel

Green Manufacturing Performance of Subsidiaries of the Iron and Steel Sector



Indicator	Year-on-year growth or decrease of 2015(%)				
	Baosteel Co., Ltd.	Bayi Iron & Steel Co., Ltd. (Note 3)	Shaoguan Iron & Steel Co., Ltd.	Baosteel Stainless Steel	Baosteel Special Steel
Comprehensive Energy Consumption per Ton Steel (note 1)	-3	-1	-3	-5	-22
Total Waste Heat Recovery	12	-17	5	8	/
Water Consumption per Ton Steel	-5	8	-15	Even	-4
Total SO ₂ Emission	-8	-26	-15	-14	/
Total Oxycarbide Emission	-8	-32	-3	-31	/
Total COD Emission	-7	-25	-12	-9	-10
Total Ammonia Nitrogen Emission	Even	-59	Even	-19	-55
Solid Waste Resource Comprehensive Utilization Rate (note 2)	99.39	95.46	99.79	99.14	96.94

Note 1: The performance evaluation indicator of Baosteel Special Steel is "Total Energy Consumption";
 Note 2: "Solid Waste Resource Comprehensive Utilization Rate" of all the units is real data;
 Note 3: In 2015, Bayi Iron & Steel organized production according to the Operation Model of Economy, which affected its Total Waste Heat Recovery and Water Consumption per Ton Steel.

GREEN PRODUCTS



► Introduction to Research into Product Life Cycle

Life Cycle Assessment (LCA) is an approach to the quantitative assessment of the environmental load and impact of product's life cycle. Through over ten years of research and application, LCA has become a significant method for Baosteel's efforts in driving upstream and downstream green development to support green purchase, green manufacturing, green marketing and green steel utilization solutions and a powerful tool of Baosteel's efforts and practice of being "a driver of green industry chain".

In 2015, the GB/T 30052-2013 Technical Specifications of the Life Cycle Assessment of Iron & Steel Product Manufacturing (Rules of Product Types) formulated by Baosteel won the first prize of 2015 Shanghai Outstanding Achievements of Standardization. The specifications reflected Baosteel's rich achievements in application of LCA, guided and standardized the life cycle assessment of iron and steel products in China. The specifications satisfied requirements in conducting the work of LCA of the steel industry in China and played a great role in systematically evaluating the environmental influence of the steel industry, scientifically carrying out environmental management and decision-making of the steel industry, improving the environmental management level of the steel industry from the perspective of the whole industry chain and leading the overall and joint improvement of the consciousness of resource saving and environmental protection of upstream and downstream of the steel industry.

Green Products Development

In 2015, Baosteel carried out research into green steel utilization development and application based on LCA, and implemented green steel utilization solutions with users to bring new contents for green product development and application. Cases on green steel utilization include Haier Air Conditioning, engine cover of Chang'an PSA C5 and small B pillar assembly of SAIC Rowe E50 (electric car). Ecological product design, such as the second-generation container plate, small B pillar assembly column and BCB (Baosteel Car Body) made by Baosteel was accomplished.

On November 12, BCB (Baosteel Car Body) independently developed by Baosteel gave its wonderful debut at the big show of the Third Baosteel Automobile Sheet EVI Forum held in Zhanjiang. It was the first time for an iron and steel enterprise in China to launch a complete product of white car body and another breakthrough of Baosteel in meeting the global requirements of being "green, low carbon and environmental friendly" and in the general background of realizing lightweight of automobile. The materials used for the BCB displayed this time range from the first, second and third generation high-strength auto steel, covering MS1500, PH1800, TWIP950, QP1180 and other newly-developed materials with a high-strength steel application rate of 78% and galvanized sheet application rate of 75%, making the weight of the full car lighter than those of the same class by 20% to 30%, and the car performance met C-NCAP five-star crash requirement. Advanced technologies such as hot stamping forming, hydraulic forming, roll forming, VRB sheet forming and tailor blank welding forming were adopted for Baosteel BCB. By enhancing the strength and cutting the thickness in making BCB, Baosteel realized the goal of lightweight of a car without degrading the performance of the full car.

Cases of Application of LCA in the Auto Industry

In 2015, the Ministry of Industry and Information Technology of the People's Republic of China issued the China Eco-Car Assessment Program (C-ECAP in short), by which it conducted ecological auto assessment in the auto industry, made comprehensive assessment of the health, energy saving, environmental protection and other performance indicators in the complete life cycle of auto products, rated and authenticated ecological auto based on assessment results. LCA of auto parts is an important plus for C-ECAP.

The experience accumulated and achievements made by Baosteel in LCA research provided users of Baosteel auto strategies with support in green material selection and ecological design. Baosteel cooperated with SAIC in conducting LCA assessment of the small B pillar assembly on both sides and the component parts (B pillar reinforced outside sheet, car door lock joint splint and B pillar underpart reinforcer) of SAIC Rowe E50; and the Corporation also cooperated with Chang'an PSA Auto in conducting LCA assessment of engine cover assembly of C5. The abovementioned cooperation and research provided auto manufactures with solutions to green materials selection and ecological design, laid a foundation for the C-ECAP assessment of their auto products and made suggestions on upstream-downstream cooperation on LCA implementation and teambuilding and capacity construction of the green research through the whole industry chain.



GREEN INDUSTRY

The green industry of Baosteel involves integrating energy-conserving and environmental protection technologies, developing energy-conserving and environmental protection industries, expanding the application of energy-conserving and environment-improving technologies accumulated by the iron and steel industry both internally and externally, conducting systematic commercial development of energy-conserving and environmental protection technologies, fostering the capacity to provide the parties within and outside the industry with energy-conserving and environmental protection solutions, providing the society with valuable products and services and at the same time realize both economic benefits and social benefits.

In terms of promotion of green industry, Baosteel realized sales revenue of RMB 2.74 billion from its energy conservation and environmental protection, comprehensive resource utilization and green architecture industries in 2015.

2.74
RMB Billion

Sales revenue of
green industry



▶▶ Energy Saving and Environmental Protection

In August 2015, Baosteel Energy undertook the project of adding flue gas denitrification device to No.4 sintering of Baosteel Co., Ltd. in the mode of EP, making it the implementer of the first demonstration project of denitration and de-Dioxin of packaged sintering waste gas in China. In the meantime, sintering desulfurization project of Xiangtan Iron and Steel Group, sintering desulfurization project of Xinyu iron and Steel Group Co., Ltd., rotary kiln flue gas desulfurization project of Baosteel Desheng and SCR project of power plant 3# machine set achieved phased achievements. Besides, supporting technical and equipment research and development targeted the core products of sintering flue gas denitrification and coke oven flue gas purifying were conducted, such as computing modularization and modeling of heat and supplies balance of the packaged technology of sintering flue gas denitrification, standardization of packaged design technologies and criteria; and low-heat fuel heating system suitable for sintering flue gas denitrification was also developed, which laid a solid foundation for the market development and promotion of future projects.

▶▶ Comprehensive Resource Utilization

In 2015, product packaging and market development were strengthened for rotating furnace slag disposal business, keeping a stable development situation. The following projects were successively completed and implemented: Zhanjiang Iron & Steel Steelmaking Slag Disposal (EP), Qingdao Iron & Steel Steelmaking System Rotating Furnace Slag Project (EP), Meishan Iron & Steel Steelmaking Rotating Furnace Slag Disposal and Transformation (EP), Dragon Steel Corporation Rotating Furnace Slag Phase II (EP) and the project of Recycling of 0.30 Million Ton Solid Waste Using Packaged Rotating Furnace Slag Disposal Equipment of Zhenshi Holdings Eastern Special Steel (EP). The scientific and research project of "R & D of the Fourth Generation and Environmental-Friendly Rotating Furnace Slag Disposal System" was tested, realizing expected effect.

Baosteel increased scientific and research investment in the business of making thermal-state molten slag directly into mineral wool and strove to make breakthrough in the core technologies concerning skull melting furnace. Research into the fundamental characteristics of slags, slag tempering and stirring technologies, research into slag electrical melting technology were completed and the technology concerning slag resistor furnace passed experimental verification and feasible technical achievements were made. The feasibility scheme for the specially followed project of the Meishan mineral wool board demonstration production line project (E) is being formulated.

New breakthroughs were made in industrial dangerous waste disposal and research was conducted on industrial dangerous waste disposal by using rotary kiln for incineration. The "Project of Improvement of Environmental Adaptability of Incineration Facilities (EP)" of Baosteel Co., Ltd. was undertaken, which has passed the technological scheme review (preliminary design depth) and will be completed and put into operation in 2016.

Key Scientific and Research Achievement Transformation Project — Baosteel Silicon Fertilizer Project

The project is one integrating industry, academy and research and co-developed by Shanghai Baosteel New Building Materials Science and Technology Co., Ltd., International Center for Bamboo and Rattan and Hu'nan Hybrid Rice Institute. It makes full use of rich silicon, calcium, magnesium and other medium trace elements contained in the metallurgical by-products, and processes them into silicon fertilizer products with safe and qualified raw materials through levigating, prilling and other processes. By now, the application test of the product in timber-used bamboo and rice has been completed with certain progress and the project is in the phase of market promotion.



▶▶ Green Building

In 2015, Baosteel Construction undertook a mission of "developing new-type buildings and extending steel application" by actively fostering differential competitive edge, focusing on core technologies, taking efforts to develop professional products and actively advancing the application, demonstration and promotion of its steel products in the field of new-type buildings.

Continuously Improving the Baohouse System to Enhance Integrated Technologies for New-type Building

Efforts were made to continuously improve the Baohouse technical system and bring to full play the features of conducting work in a "green, intelligent and sustainable" manner. To serve the purpose, the *General Technical Standard of Baohouse* came into existence. As such demonstration projects as Chengshou and housing renovation in Fuxin moved on, Baosteel Construction, by taking green building projects as the carrier, promoted the implementation of R & D achievements, which made the technical system get further verified, perfected and gradually recognized by the market.

Transformational Development—From Technology to Products

Achievements were made in the key extension work of professional market segments, such as building envelopes, lightweight buildings and architectural ornament related to green buildings. Several demonstration projects were completed thereby. *Technical Procedures & Drawing Collection for Thermal Insulation and Ornamental Metal Composite Plates* formulated by Baosteel Construction was listed as an application standard for enterprises of building materials in Shanghai. Orders for the thermal insulation and ornamental metal composite plates exceeded the total amount of RMB 18 million for two consecutive years.



EMPLOYEE GREEN ACTIONS



Centering on the aspects of inspection & supervision of environmental protection, management of environmental protection equipment, risk assessment for and response to emergency environmental incidents, Baosteel organized and carried out, within the company, eight sessions of trainings (48 hours in length) concerning "promotion of the duty fulfillment capacity of environmental-protection executive personnel". With an emphasis on knowledge application of the environmental protection regulations, the series of training adhered to the philosophy of "learning by practicing" and aimed to facilitate the resolution of practical problems. The training program received great attention and positive response from ten subsidiaries which organized 2,082 relevant personnel from subordinated units to participate in; among them, 764 ones received class training and 1,318 ones conducted study by watching remote real-time videos. Person-in-charge, plant directors and department leaders of various units participated throughout the whole training program and earnestly completed the training assignments including regulation identification, self-check and rectification, and effect inspection, by which their capability of "learning by practicing" in terms of management over environmental protection was enhanced.

Baosteel Co., Ltd. planned and initiated the activity of "Contributing My Ideas to Baosteel Conservation", which was participated in by altogether 16 units and also got their positive response and support. 2,649 feasible suggestions were collected. After some review by the appraisal panel made up of environmental experts, ten "golden ideas" were sorted out, represented by the "Improvement of the Anti-fumes Measures Taken at the Riser Bottom of Phase II to Reduce Energy Losses and Environmental Pollution" proposed by Liu Yuhua from Baosteel Ironmaking Plant.

Baosteel Development also took the initiative in carrying out case appraisal of best practices in energy conservation and completed *Case Compilation of Best Practice Cases in Energy Conservation*. By soliciting and evaluating 50 cases of best practices in energy conservation, advanced management experiences and handy efficient techniques were shared within the company; technologies for environmental protection and green products were promoted outside the company to extend the green industry. Great efforts were made in the publicity of practice and contributions to energy conservation with a purpose to exert a positive influence upon the employees both in terms of mentality and behavior, and effectively facilitate a green lifestyle.



GREEN HARVEST

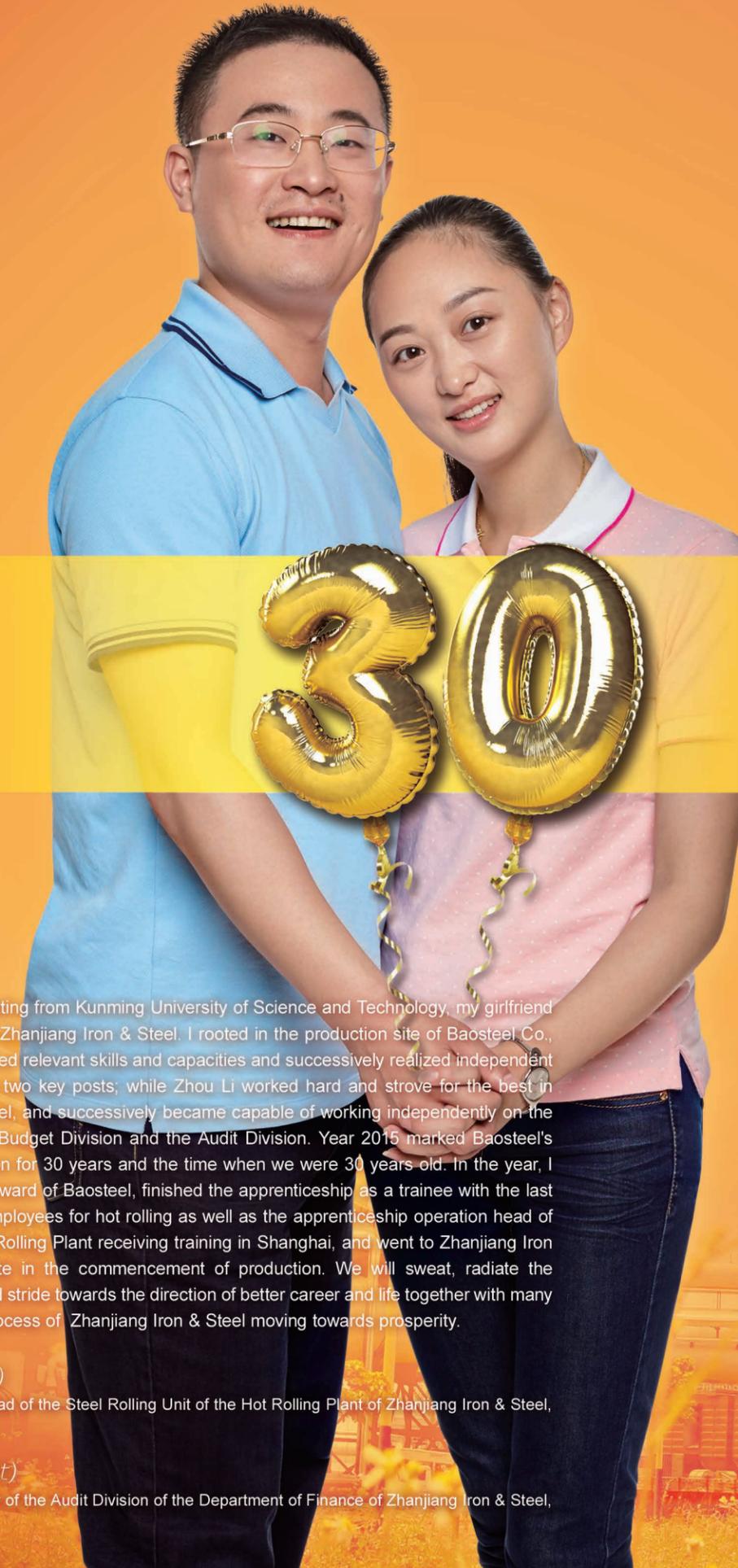


The "Three Flows and One Status" Energy Value Management of Modern Iron and Steel Enterprises of Baosteel Co., Ltd. won the first prize of the 21st National Award for the Modernization Innovative Achievements of Enterprise Management.

The management innovation achievement selection of Shanghai Federation of Industrial Economics was revealed. 14 achievements of Baosteel won awards, including one first prize for *Energy Value Management of Modern Enterprise Based on Information and Communication* of the Energy and Environmental Protection Department of Baosteel.

The hazardous substance management system (QC 080000) of the plant and department directly affiliated to Baosteel Co., Ltd. was certified and recommended by the British Standards Institute, an international authorized certification institute, making it the first enterprise passing the system certification among large-scale iron & steel enterprises throughout China.

The *Green Rating Results of China's Steel Enterprises in 2015* was released by the Metallurgical Industry Planning and Research Institute (MPI), rating Baosteel as a model of green development for the steel enterprises in China.



My Story

In 2009, after graduating from Kunming University of Science and Technology, my girlfriend Zhou Li and I joined Zhanjiang Iron & Steel. I rooted in the production site of Baosteel Co., Ltd., diligently practiced relevant skills and capacities and successively realized independent on-duty operation in two key posts, while Zhou Li worked hard and strove for the best in Zhanjiang Iron & Steel, and successively became capable of working independently on the key business in the Budget Division and the Audit Division. Year 2015 marked Baosteel's putting into production for 30 years and the time when we were 30 years old. In the year, I won the Silver Bull Award of Baosteel, finished the apprenticeship as a trainee with the last batch of localized employees for hot rolling as well as the apprenticeship operation head of the team of the Hot Rolling Plant receiving training in Shanghai, and went to Zhanjiang Iron & Steel to participate in the commencement of production. We will sweat, radiate the splendor of youth and stride towards the direction of better career and life together with many other peers in the process of Zhanjiang Iron & Steel moving towards prosperity.

赵毅 (Left)

Zhao Yi, Operation Head of the Steel Rolling Unit of the Hot Rolling Plant of Zhanjiang Iron & Steel, Baosteel Co., Ltd.

周利 (Right)

Zhou Li, Senior Auditor of the Audit Division of the Department of Finance of Zhanjiang Iron & Steel, Baosteel Co., Ltd.

Every employee is the most valuable asset of the company
Employees have always grown with the company synchronously

Over thirty years Baosteel has harvested robust growth

Known as a product of the reform and opening up of China, Baosteel was commenced the construction. 1978

Baosteel took the lead in China in trying out a five-day workweek and successively introduced the *Reform Scheme for Adoption of Structural Salary System* and the *Measures for Implementation of Post Wage*, launching the reform in compensation system. 1988

Baosteel established the first staff innovation team, namely the "Kong Liming Scientific and Technological Innovation Team", which led to a high tide of post innovations among Baosteel's staff, and from then on the blue-collar innovation in Baosteel started to flourish. 1999

The first staff psychological counseling room for Shanghai enterprises, "Baosteel Staff Psychological Counseling Room", was established, which marked Baosteel's introduction of EAP project for staff care. 2002

Baosteel Education and Training Center was renamed Talent Development Institute, which was orientated towards a base for staff education activities, corporate management research and staff innovation activities and a world-class corporate university. 2007

The first safety somatosensory training system in China was put into operation. 2007

Baosteel launched the "Golden Apple Initiative", planning to cultivate a group of leading technical talented people with great international influence who are capable of participating in international competition within eight to ten years. 2009

Baosteel implemented the corporate annuity plan. 2009

The staff online forum of Baosteel, the "Bridge" forum, was officially launched and put into operation. 2010

Baosteel conducted employee engagement research and tried to build a closed-loop management mechanism with the staff as terminal experiencers and terminal testers. 2010

Baosteel (Changshu) Leadership Development Center opened, which was a base for Baosteel's leadership training, an Intelligence Valley for development research, a platform for collaborative innovation by strategic partners and a window for brand image display. 2011

The "Baosteel Loving Gifts" Flexible Benefits Program was launched to improve the perception of benefits of the staff. 2013

Post-1980s Song Jun and post-1970s Lu Jianghai were honored as Shanghai Top Ten Worker Inventors, indicating that Baosteel achieved remarkable achievements in echelon construction of on-the-job innovation talent. 2015

EMPLOYEE DEVELOPMENT



“Becoming a model enterprise for joint development of employees and the company” is one of the three visions determined for Baosteel. Always upholding the principle that employees are the ultimate experiencers and verifiers, Baosteel keeps improving the system of employee growth and development starting with inspiring employees’ potential and realizing the individual value of every employee. In the planning stage of the new-round development, the Corporation will deepen the management of human resources to serve its strategic transformation by introducing, transforming, cultivating a large number of talented people who meet the demands for the development of emerging industries, and continue to promote the joint development of employees and the company.



Indicators	2013	2014	2015
Employees (Persons)	130962	134684	126204
Female Employees (Persons)	26122	27244	25240
Proportion of Management Personnel (%)	8.85	8.35	7.55
Number/Percentage of New Employees	6720/5.2	7906/5.88	5729/4.55
Number/Percentage of Employees Resigning	3649/2.9	4054/3.01	3962/3.15
Proportion of Females in the Management (%)	10.16	10.72	10.48
Composition of Employees by Age: 35 and below \ 36-45 \ 46-55 \ 56 and above	34.1 \ 34.1 \ 27.7 \ 4.1	34.7 \ 32.9 \ 27.9 \ 4.4	33.8 \ 33.8 \ 28.6 \ 3.8
Composition of Employees by Educational Level (%): Postgraduate \ University \ College \ Secondary Technical School and below	5.0 \ 21.3 \ 27.6 \ 46.1	5.3 \ 23.0 \ 28.0 \ 43.6	5.9 \ 24.6 \ 30.0 \ 39.5
Composition of Employees by Titles and Competence: Medium- and High- Titles \ High Technical Competence \ and Others	14.5 \ 29.2 \ 56.3	14.9 \ 28.3 \ 56.8	16.1 \ 29.5 \ 54.4
The Ratio of Local Employees to All Employees in Overseas Subsidiaries	67.1	68.6	72.2
Number of Dispatched Personnel	8712	3748	3122
Training Investment (RMB 10,000)	13199.2	13397.4	11432.7
Training Hours per capita (Hour)	73	75.1	67.3
Training Investment per Capita (RMB yuan)	1008	1091	1035
Total Employee Remuneration (RMB Billion)	14.91	15.20	14.06

Replacement Election of Baosteel Technical Expert Symposium

Founded in early 2013, Baosteel Technical Expert Symposium is intended to provide more than one hundred technical experts of Baosteel with an open and sharing platform for self-directed study, unbounded communication and interactive study so as to inspire the capability of the experts for innovation through exchange and collision of ideas and promote the common development of all of them. In November 2015, the annual meeting of Baosteel Technical Experts Symposium was held. In the replacement election, president and vice presidents of the new session were elected. Around the topics of the business mode of Ouyeel Commerce, Industry 4.0, the collaborative development of long steel products within the Corporation, and support for the construction of Zhanjiang Iron & Steel Project, the experts present carried out self-directed discussions, and they also expressed their own opinions on the themes of “technical support from outside Shanghai,” “Baosteel Intelligent Manufacturing” and others in a bid to help the development of the Corporation.

Lu Jiangxin, Director of Auto Steel Key Laboratory of Baosteel Central Research Institute, was elected as the new President of Baosteel Technical Experts Symposium; Cong Liqun, Technical Director and Managing Director of the Technology Center of Baosight Software, and Huang Zongze, Director of Long Steel Institute of Central Research Institute were both elected as Vice President. Fu Zhongzhe, Deputy Secretary of the CPC Baosteel Committee attended the meeting, addressing the experts and expressing his wishes. In the future, the symposium will continue to focus on the Corporation’s development strategies, strengthen the cooperation of different fields, enhance its competency in technology leadership, create a high-performance team of experts, and is committed to boost Baosteel’s technical influence in the industry and even the whole world.



“Master Lecture” Series: Keeping up with the Latest Cutting-edge Technologies

To keep up with the latest developments in cutting-edge science and technology in the world, and guide the orientation of Baosteel’s R & D and constant on-site improvement, Master Lecture was held for eight times in 2015. By tracing the sources, the Corporation invited Chinese academicians or foreign experts to give lectures that combined theories and applications in a bid to track the development of the steel industry at home and abroad, broaden the international perspective of Baosteel’s experts and technical personnel, and expand the influence and brand effects of Baosteel technologies.



“Golden Apple” Initiative: Bringing up Leading Technological Innovation Talent

The “Golden Apple” Initiative of Baosteel is intended to bring up leading technological innovation talent with international influence and create proprietary innovative technologies for which Baosteel is famous mark in the development history of the global iron and steel industry in 8-10 years. In 2015, for the four field teams and six project teams of the “Golden Apple” Initiative, the Corporation continued to create a positive environment for scientific research and production practices, and encouraged the experts, with a focus on important innovation areas and major technological difficulties, to embrace challenges and venture to adopt innovative practices, make significant technical breakthroughs, and lift the iron and steel technologies to a new elevation. In the new round of the “Golden Apple” Initiative in 2015, a key project of the industrial application of new metallurgy technologies achieved remarkable results, and the team launched the global debut of five products. By the end of 2015, a total of 15 debuted products had been developed in this round of “Golden Apple” Initiative, bringing out a sales volume of 28,000 tons and thus providing strong support for the Corporation’s technological progress and production operations.



Five global debuted products launched by the “Golden Apple”

Cold Rolled Medium Manganese Steel **1180MPa**

High Magnetic Induction Oriented Silicon Steel **B18R065**

Ultra-high Magnetic Induction Low Iron-loss Non-oriented Silicon Steel **B27APV1400**

Commercial Vehicle Axle Housing Steel **BQT800**

Super-high Toughness Oil Casing **BG155V**

15

Debuted products developed in this round by “Golden Apple”

28000
Tons

Sales volume

Dianshan Legion: Fostering Internal Entrepreneurial Talent

"Dianshan Legion" is an iconic program of Baosteel to develop high-level backup leadership and aims to forge an entrepreneurship talent team within Baosteel. In 2015, the second batch of Dianshan Legion conducted collective study on a series of subjects, including "Internet Thinking and Innovation in Business Mode", "Risk Management of International Operations", "State-owned Enterprise Reform and Leadership Improvement", and "Macroeconomic Situation and Analysis Methods", and also had in-depth discussions with Mr. Wang Junhao, President of JuneYao Group, and Mr. Chen Zongnian, Chairman of Hikvision, which broadened the trainees' horizons and stimulated their entrepreneurship.

"Green Apple" Initiative: Reservoir of Strategic Talent

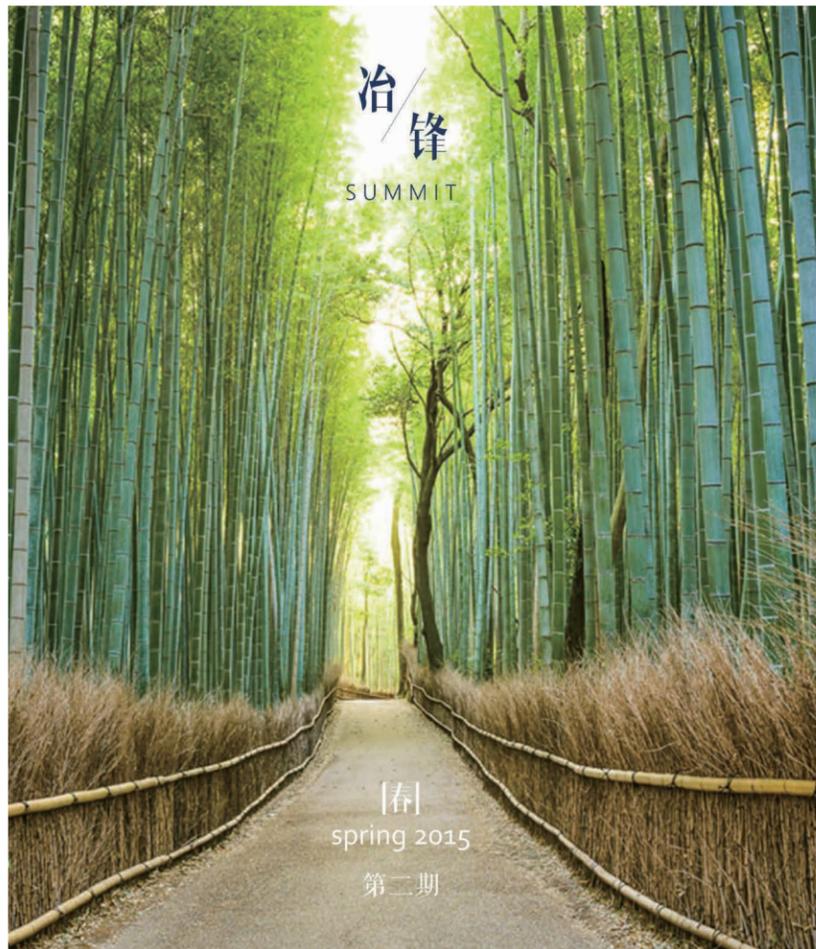
Baosteel "Green Apple" Initiative aims to proactively discover, develop and reserve a batch of young employees with great potential based on the need of the Corporation's future development. It is the important strategic talent reserve of Baosteel and also essential for the joint development of Baosteel and its employees. Since its launch in 2009, "Green Apple" Initiative has lasted for five terms and incorporated more than 310 young people with great potential into the planned training. On this basis, in 2015, through selection level by level, a total of 39 young employees with great potential were included in the sixth "Green Apple" Initiative, and receive a two-year training in "TTT training mode". In the year, the "Green Apple" trainees spontaneously organized five sessions of "Ye Feng" salon, inviting the Corporation's seniors to share their experience of career development. They also published five issues of journal of Ye Feng, publishing the trainees' professional papers and personal thoughts. Both of them were the first trials of the project, winning good response.

Continuously Improving the Globalization Level of Operation and Management Talent

The globalized talent team building under the "Blue Force" initiative of Baosteel is intended to foster group of operation and management talent with globalized mindset and vision and a good knowledge of international rules. It is also an important talent strategy that supports Baosteel's strategic deployment "from China to the world". Based on further integration of the training resources of prestigious overseas universities and under the principle of "Openness, Fairness, Transparency and Education-Employment Combination", Baosteel continued to further promote major overseas training programs in 2015, sending 23 employees to Harvard Business School and University of California-Berkeley in the U.S., University of Manchester in the UK, University of Twente and Maastricht University in Netherlands to receive training. In addition, serial English intensive training courses were conducted based on the need for overseas study: 28 employees were sent to Zhejiang University for TOEFL English intensive study, 53 employees were organized to attend online learning at Global English and 263 employees attended EF online English learning.

Conducting Classified Safety Management Trainings at Various Levels

Baosteel established a safety training system that combined compliance trainings with independent trainings, and covered front-line position operation, field operation management, technical management and operation management; the Corporation conducted publicity and implementation of the new *Production Safety Law* among all the employees, aided the on-the-job safety training for front-line employees emphasizing procedures, risks, and measures, upgraded the somatosensory facilities for safety training, organized and conducted safety trainings for the managing personnel for construction, technical upgrade and high-risk maintenance, arranged safety management and practice trainings for the people taking safety production responsibility and the internal auditing staff in the safety management system. In 2015, safety trainings were accumulatively conducted for 47,600 person-times, thus effectively supporting the Corporation's construction of safety management system.



"Green Apple" Comments

"Green Apple" Initiative is intended to help us young employees fully understand ourselves and keep developing our potential. It helps cultivate our creative thinking. Lectures were given by both internal instructors and external educational bodies, aiming to pass on Baosteel's new planning and strategies as well as the latest knowledge of management. Personally I felt "Green Apple" had an all-round training plan and each training class was quite full. I've learnt a lot. Every time I felt I got closer to other trainees.

— Baosteel Metal Ding Yuanyuan

Every business should have its dream and a group of capable people to achieve it. What "Green Apple" does is assembling such people exactly. I'm lucky enough to know and work with these people. Sincerity, friendship, and creativity – that represents us.

— Baosteel Development Feng Yutao

Comprehensively Conducting Trainings for Employees of Zhanjiang Iron & Steel

All-round trainings were conducted to support the construction of Zhanjiang Iron & Steel. Baosteel organized "Two-Month Training" for the pre-recruited college students of Zhanjiang Steel, with focus on strengthening corporate culture, career development, on-site management, and knowledge of metallurgy craftsmanship, etc., to provide necessary support for talent selection and employment; established a course development team including the major leaders of Zhanjiang Iron & Steel, completed the compilation of Operation Head Training Course for Zhanjiang Iron & Steel, and organized the second-round specifically-targeted operation head qualification trainings for Zhanjiang Iron & Steel with the help of the platform of Baosteel Talent Development Institute; considering the specific characteristics of Zhanjiang Iron & Steel, Baosteel carried out the first-round training for internal auditors, the fourth-round training in group leader qualification, as well as qualification and skill improvement training for equipment spot inspectors; coordinated and organized implementation of local training and certificate receiving for special operation and special equipment operation for the employees of Zhanjiang Iron & Steel, satisfying the need for launching production.

Strengthening Practical Skill Training and Practice

Baosteel completed the development of the simulated practical training system for bridge cranes, and the trial version of simulated practical training system for whole-process hot rolling, built nine pilot remote-control simulated practical training terminals at the Steel Works of Baosteel Co., Ltd. and developed matching simulated practical training course. In combination with the skill training for the new employees of Zhanjiang Iron & Steel, the Corporation, by utilizing the simulated practical training platform, carried out practical operation drill of basic ironmaking and steelmaking operating procedures and handling of typical abnormal accidents for over 1,800 person-times, thus helping the effective combination of off-line simulated practical training and on-the-job practice and promoting the employees of Zhanjiang Iron & Steel to quickly meet the requirements for actual operation.

Playing the Role of the "Creation Practice Center" Platform

Baosteel actively established a workroom network interlinking the Workroom of Creation Practice Center and On-spot Staff Innovation Workroom, conducted "paring guide" of volunteers, encouraged collaboration of workrooms to tackle difficult problems and constantly promoted the standardization of Staff Innovation Workroom; in addition, the Corporation planned and carried out the program of Innovative Caravan 2.0 entering Bayi Iron & Steel and Shaoguan Iron & Steel for exhibition tour to promote on-the-job innovations to achieve breakthrough at specific posts, build linkage within a production line and make overall improvement.

Conducting 2015 Baosteel "Qingfeng" Young Talent Senior Seminar

Four classes of the seminar were successively sent to famous universities and enterprises in Shanghai for training, including Fudan University and Shanghai Electric Power. Experts and professors of various fields were invited to teach full-time CYL leaders, "Baosteel Top Ten Distinguished Young Persons" and "Young Masters" excellent courses involving enterprise management, on-site management and humanistic qualities, including *Organizational Behavior*, *Human Resources Management*, *Amoeba Management*, *Financial Knowledge Training*, and *Internet Thinking*. Interactions and communications were carried out by means of "Differentiation and Speculation", virtual conference and other ways to help outstanding young people further improve their knowledge structure, boost their comprehensive qualities, learn advanced experience, broaden their horizons, and promote mutual communication to achieve common growth.

Promoting the Specialization of the Headquarters

To further promote the specialization of the employees in the headquarters of the Corporation and build it into the source of management reform, the booster of industrial development, and the demonstrator of high-efficiency culture, Baosteel used the headquarters' "Sunshine Forum", "Warm Heart EAP Program", "Baosteel Cultural Wisdom Lectures" and other activities to comprehensively boost the employees' mindset transformation, help them deal with the work pressure in the new situation and work with a healthy body and a good mood, and build an encouraging atmosphere for the growth of headquarter employees.

In 2015, "Sunshine Forum" invited 27 internal and external guests. It encouraged the exchange of new ideas and concepts, as well as the exhibition and sharing of personal hobbies and insights into life. "Warm Heart EAP Program" held six activities in 2015, offering psychological consultation (including online consultation) for over 700 person-times and releasing nine issues of E-monthly Warm Heart Express. Its service satisfaction rate reached 4.76 marks (5 in total). In 2015, "Baosteel Cultural Wisdom Lectures" held nine lectures in philosophy, history, literature and other fields, participated by nearly 1,000 person-times. The videos of the lectures were made into E-lessons shared on the platform for e-learning.

Continuously Conducting Employee Engagement Assessment (EEA)

In 2015, employee engagement assessment was conducted in the headquarters of Baosteel and 14 subsidiaries as well as among overseas employees. Baosteel 2015 employee engagement assessment was officially launched in late October 2015. A total of 35,000 people participated in the assessment. On the basis of an E-questionnaire, a portable device was used in the 2015 assessment. The online assessment rate reached 91%, the highest in six years. The Corporation's overall score reached 59%.



Awards Obtained by Some Talented Employees in 2015

Two employees were included in the Local Team of Shanghai Leading Talent (21 people accumulatively)

One national technical master workshop (totally four) and one Shanghai technical master workshop (totally seven)

Eight employees were subsidized by Shanghai One Thousand Chief Technicians Program

The first place as a team in Shanghai "CNC Machine Assembling, Adjustment and Maintenance"

World Champion of the Enterprise Group in the Ninth World Steel Association Steel University Online Steel-making Challenge

Six employees were honored as National Model Workers

Two employees won National May Day Labor Medal

One employee was honored as Shanghai Model Worker

Three employees won Shanghai May Day Labor Medal

Two employees were honored as Shanghai Outstanding Individual for Environmental Protection

11 units were rated as model teams at the provincial or ministry-level

Nine on-the-job innovative projects won awards in the 114th Paris International Inventions Exhibition, including one gold, two silver and four bronze awards

115 on-the-job innovation projects won awards in the 21st National Inventions Exhibition, including 23 gold, 29 silver, and 36 bronze awards. With a winning rate of 76.5%, Baosteel was the one winning the most prizes among all the exhibitors

56 innovation projects won Outstanding Invention Award in the 27th Shanghai Outstanding Invention Trial Competition, including eight gold, 15 silver, and 33 bronze awards. 69 projects won Employee Technology Innovation Award, including two gold, eight silver and 24 bronze awards, and 35 entries listed in the shortlist, thus making Baosteel the enterprise winning the most prizes in Shanghai



Staff Economic and Technological Innovations and Staff Quality Construction

On-the-Job Innovation Achievements

Employees actively participated in labor competition events and contributed suggestions to the operation of Baosteel. 156,000 incentive suggestions were put forward in 2015, of which 97,000 were carried out, bringing economic benefits of RMB 1.293 billion. 7,071 self-management groups (JK) were established, which accomplished 5,088 achievements; 2,462 staff economic and technological innovation groups were established, with over 16,000 employees participating in their activities; 1,700 patents were applied for through on-the-job innovations, including 811 patents for invention; 1,832 technological know-hows were made; and 479 advanced operation methods of employees were entitled.

Staff Innovation Workroom

The third batch of selection of "Demonstration/Group-level Staff Innovation Workroom" and "Baosteel Top Ten Staff Innovation Workrooms" were carried out to play the role of an example. The construction of the back-up teams for on-the-job innovations accomplished phased results. Post-1980s Song Jun of Baosteel Co. Ltd. and post-1970s Lu Jianghai of Baosteel Stainless Steel were entitled Shanghai Top Ten Worker Inventors and awarded Shanghai May Day Labor Medals. Song Jun's innovative project won the second prize of Shanghai Science and Technology Progress Award and a bonus of RMB 100,000 from Shanghai Federation of Trade Unions. Two accomplishments were entitled Excellent Achievement of Shanghai Employee Incentive Suggestions and Advanced Operation Methods. In 2015 Wang Jun Innovation Workroom and Chu Bin Innovation Workroom were entitled "Shanghai Model Innovation Workroom".

Major Awards

Baosteel participated in 2015 Shanghai Workers Numerical Control Skill Contest and the Shanghai Trial of the Fifth National Workers Professional Skills Competition, and ranked as No. 1 Team of CNC Machine Assembling, Adjustment, and Maintenance, and one worker won the second prize for individuals. Baosteel participated in the Fifth National Workers Professional Skills Competition on behalf of Shanghai. Peng Zhiniu of Baosteel won the second prize in the "CNC Assembling, Adjustment, and Maintenance Contest of the Fifth National Workers Professional Skills Competition, and was awarded the title of National Technical Expert and Shanghai May Day Labor Medal.

In 2015, Baosteel awarded 21 outstanding employees Golden Bull Award, 99 Silver Bull Award, and 20 Zeng Le Award, thus setting examples for Baosteel's employees.

21	Baosteel 'Golden Bull Award'
99	Baosteel 'Silver Bull Award'
20	Zeng Le Award

COMPENSATION AND BENEFITS



In 2015, faced with the suddenly changed business situation, the "stiff-like" fall of business performance and the dramatic fluctuation, the Corporation adhered to the principle of linking salary distribution with business benefits and performance, and the total salary paid amounted to RMB 14.06 billion. The Corporation actively dealt with the severe market situation, formulating and issuing Measures for Coping with Market Challenges and Further Strengthening Compensation Management, instructed the subsidiaries to improve and perfect their compensation management systems with effective incentives and strong constraint from such aspects as strictly controlling the total payment input, imposing tight control of the leading personnel's payment, enhancing the linkage between bonus and performance, and regulating the welfare system to encourage all the employees to work together with the Corporation in the current plight. In addition, by adjusting and optimizing the payment management methods, the headquarters expanded the selection scope of banks for issuing payment, and a number of units implemented integrated payment of salary and bonus, which boosted the employees' perception of payment effectively. Based on a systematic analysis of the treatment policy of "Two-Aspect Linkage", the Corporation optimized the treatment adjustment scheme in the policy for early retirement and further concentrated incentive resources, representing the policy orientation of the Corporation for "low-income" group who had retiring from their posts. Baosteel actively explored medium-and-long-term incentive measures, such as equity incentive and co-investment, forcefully tried core teams' participating in shares in emerging business units, jointly shared investment risks by means of co-investment, and built an interest community of capital owners and workers.



Corporate Annuity

Within the Corporation, there were 187 units joining Baosteel's Annuity Program as independent payment units, covering 117,349 employees. With the reasonable, prudent investment strategy of the annuity administrator, Baosteel's annuity officially commenced its investment operation from March 25, 2009. In 2015, the return rate of the annuity of the Corporation was 10.92%, outperforming the three-year time deposit interest rate of the same period by 7.42% and thus ensuring reasonable returns for the employees' annuity investment. The website of Corporate Annuity was further optimized, and returns of the corporate annuity and the related information on its operation were released regularly on the Corporation website and mobile app, which enabled employees to learn about the real-time annuity conditions timely and conveniently. In addition, by taking measure such as improving the large asset allocation modes and schemes, enhancing risk supervision under special circumstances, strengthening the risk assessment of investment administrators and setting up more prudent precautions lines against investment risks, the Corporation strengthened the supervision of investment administrators and avoided portfolio performance fluctuations.

Flexible Benefits

In order to continuously optimize and improve Baosteel's compensation and benefit system, give full play to the utility of welfare, and enhance employees' awareness and experience of the system, the coverage of "Baosteel Loving Gifts" Flexible Benefits Program was further expanded. Targeting the interaction and experience of flexible benefits, the program expanded the list of suppliers moderately and released more and more benefit packages which increased the choices of employees and met their individual demands effectively. In 2015, a total of 235 units, including subsidiaries of the Corporation, in Shanghai and beyond, and their respective subsidiaries, chose to carry out flexible benefits program depending on the standard-reaching situation of their business performance and personnel efficiency, which covered 114,224 employees.

235	Total units including subsidiaries of the Corporation, in Shanghai and beyond, and their respective subsidiaries
114224	Employees covered by flexible benefits program

"Better Life" Platform and Its Operation

"Better Life" Platform is the service platform of Baosteel's flexible benefits management system, providing various functions of application for the units carrying out flexible benefits, including benefit consumption outlet management, front-end consumption management, cost settlement center management, analysis of statistical statement and operation, and staff service management. With the aid of the "Better Life" service platform, each unit can dynamically monitor the benefit consumption, automatically generate settlement and analysis reports regularly, learn about employees' benefit preferences and their service evaluation. Employees can choose benefit projects online at any time, and inquire the consumption of benefit points, benefit projects, and information about suppliers, which can increase their benefit awareness and experience.

In 2015, the platform served a total of 114,934 employees, of whom 84,817 activated the service. By December 31, 2015, the platform was visited by 8,360 person-times on average every day.

114934

Employees served by the platform

8360

Person-times visiting the platform on average every day

Employees' Health Program

Within the Corporation, 15 units joined in "Employees' Health Program", covering over 65,000 employees. Take Shanghai for example, there were a total of 59 fitness venues offering fitness services to Baosteel's employees. Based on the employees' distribution, these fitness venues spread in all the districts and counties, including Baoshan, Xuhui, Hongkou, Putuo, Changning, Yangpu, Pudong New Area, Jiading, Songjiang, and Chongming. The sports involved included swimming, basketball, football, badminton, table tennis, tennis, snooker, fitness and fishing.

Artistic and Hobby Group Activities for Employees

Constitution for Baosteel Employees' Cultural and Sports Clubs was modified and improved, and Management Measures for Baosteel Employees' Cultural and Sports Clubs was formulated and issued to further improve and regulate the operation of the clubs. By the end of 2015, Baosteel had had more than 250 various cultural and sports clubs joined by more than 12,000 employees; 110 cultural and sports training classes of different kinds were organized, with trainings for more than 2,000 person-times.

Over ten serial sports events were held including "Team: Hand in Hand" eight km hiking, participated in by over 3,100 employees. Some other activities were also held, such as the Baosteel Poetry Recitals in honor of the 66th anniversary of the founding of New China and "Ten Best Collectors" themed by "Road to Rejuvenation and Dream of Prosperity", and employee painting and calligraphy exhibition in honor of the 30th anniversary of Baosteel's being putting into operation and Zhanjiang Iron & Steel's being putting into operation, and the friendship gathering of the Young People of Baosteel and the young people engaged in landscaping in Shanghai. Before the Milan Expo, nearly 100 works of art for auction were created. The decoration of the Cultural Center was completed and the Center was put into use officially on February 16, 2015.

250	Cultural and sports clubs
12000	Employees joining the clubs
110	Cultural and sports training classes organized
2000	Person-times trained



SAFETY AND PROTECTION



Year 2015 was the critical ending year of Baosteel's three-year campaign for reversing the passive situation in safety. In the three years from 2013 to 2015, the Corporation focused on the theme of improving the capability of safety management system and adhered to the principle of "PDCA + Earnestness". By improving the competence of management personnel and the employees' post-related safety skills, enhancing the inherent safety level of equipment, and improving the operation environment, Baosteel increased the overall safety management level of the whole Corporation, consolidated an all-round defensive line of safe production, and ensured the elimination of mass deaths and mass injuries within its area. The Corporation fully achieved safety management goal of "no serious or worse safety accidents and 30% or more decrease of work-related deaths in three years" set in 2013.

Forcefully Enhancing Overall Planning

The members of the Corporation's leadership went to their contact units to supervise and direct safety production, and the leaders in charge of safety led teams to plants, branch plants and operation quarters to supervise safety production and conduct research. In the Corporation's "Three Stricts and Three Steadies" Party education class, Xu Lejiang, the CPC Committee Secretary and Chairman of Baosteel, required the management personnel at various levels to reflect on the problems existing in the basic management, be steady in planning matters, respect facts and objective laws, and follow the requirements of the State and the industry to effectively improve the basic management in safety.

Earnestly Promoting System Building

The Corporation issued Interim Provisions for Party and Administrative Leaders' Sharing Responsibilities in Safety Production and Undertaking Double Responsibilities, and Checklist of Safety Management Duties of Subsidiary Leaders. In accordance with Regulations of Baosteel on Safety Management System, each subsidiary, based on its actual safety management situation, planned extension of the third-and-fourth-level elements, ensured that each post was defined with clear duties and goals in safety according to the key elements of the safety management system. In addition, corresponding management systems, management standards, and on-the-job safety rules were classified and improved.



Systematically Organizing Safety Trainings

Baosteel made clear the requirements for employees' post-related trainings, encouraged employees to "value procedures, risks, and measures", shared the excellent training materials and the creation processes at some pilot posts in the smelting area of Baosteel Co., Ltd., and organized practical safety trainings for the managing and supervising personnel of the technological transformation projects as well as those in charge of safe production.

Organizing Various Inspections

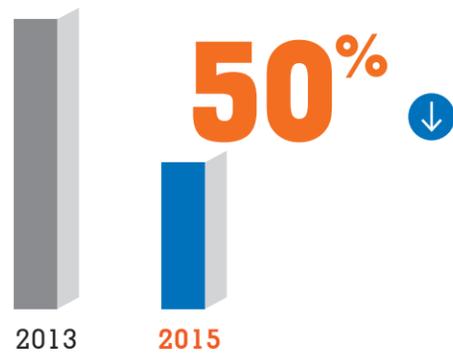
Each subsidiary comprehensively carried out extensive inspections of safety production according to the general requirements of "Party-Administration Leaders' Sharing Responsibilities, One Post Undertaking Double Responsibilities, Imposing Punishment on Negligence of Duty" and "Full Coverage, Zero Tolerance, Strict Enforcement, and Focus on Real Effect". The Corporation defined critical safety management areas and projects, carried out special safety inspections in some areas and business, including the smelting areas, high-risk maintenance projects, dangerous chemical tank areas and road transportation, limited space, chemical engineering, and gases, and 327 problems were included in the assessment of management and 2015 safety performance.

▶▶ Constantly Strengthening Supervision of Key Aspects

To examine the results of special supervision, the Safety Supervision Team examined each of the 381 problems of Bayi Iron & Steel, Shaoguan Iron & Steel, and Baosteel Desheng, which had made prominent corrective results. Following the *Guiding Opinions for Strengthening Collaborative Safety Management*, the Collaboration Supervision Team advanced the special inspections. The average score of all the subsidiaries increased to 79.75 from 71.68. Shaoguan Iron & Steel, Bayi Iron & Steel, and Baosteel Engineering saw an increase by 20% or more in quantization level, proving their serious efforts in implementing the *Guiding Opinions*.

In 2015, within the area of Baosteel, the work-related injuries of employees continued to decrease. There were 105 casualties in total, including three deaths, eight serious injuries, and 94 minor injuries, decreasing by 50% than 2013.

Employee Work Injury Statistics in the Past Three Years



COMMUNICATION WITH EMPLOYEES

Publicity of Factory Affairs and Democratic Management

▶▶ Improving the Multi-level Staff Congress System

To further improve the quality of the running of the staff congress, effectively implement the functions and power of the staff congress, promote the matters involving the immediate interests of employees in reform, standardize performance of the democratic processes and ensure the orderly progress of reforms and the overall stability of the workforce, in January 2015, Baosteel, in light of the problems found in special inspection of multi-level staff congress in 2014, further standardized management of staff congress, revised the *Guiding Opinions of Baosteel on the Standardization of Staff Congress Systems at All Levels* and formulated such systems as the *Guiding Opinions on Further Strengthening the Management of the Running of Multi-level Staff Congress*, putting forward specific requirements in aspects such as strengthening system development of operation management of staff congress at all levels, standardizing the operational processes of staff congress at all levels, expanding the forms of intersessional democratic management, promoting system development for the grassroots staff congress, strengthening knowledge training related to staff congress system and actively exploring the staff congress management in the situation of "three institutional reforms" and mixed ownership of the enterprise.

Promoting Publicity of Factory Affairs and Democratic Management

In August 2015, Baosteel held Special Report Meeting on Publicity of Factory Affairs in 2015 and Promoting Meeting on Publicity of Factory Affairs and Democratic Management, at which "business performance", "correcting the undesirable Party work styles and anti-corruption and advocacy of integrity", "executives' position-related treatment and business expenditures", "safety production" and "energy saving and environmental protection" and other matters were reported. The delegates present carefully listened to the report, completed assessment of the level of satisfaction and put forward written proposals. The meeting summed up the existing problems and experience gained in the implementation of the various systems for publicity of factory affairs and democratic management, invited the labor unions of some secondary units for exchange of work experience and put forward requirements on further improving the publicity of factory affairs and democratic management to ensure the right to information, to participation and to expression and the right of supervision of employees during the process of deepening reform.

Employee Work Injury Statistics in the Past Three Years

Year	Number of Casualties	Frequency of Injuries (Number of Casualties per million working hours)	Severity of Injuries (Number of working days lost per million working hours)
2015	105	0.40	111.00
2014	125	0.44	164.70
2013	210	0.78	211.40



Boosting Improvement in the Basic Management at Grassroots Level by Activity of Employee Representatives' Views on Baosteel

In October 2015, Baosteel organized the ninth "Employee Representatives' Views on Baosteel" activity themed by "Views on Plant Appearance and Team Building." Focused on "views on standard, benchmark, site, problems and effects," the activity sought for and sorted out the weak points and the links to be improved in plant appearance and environment and team building and other aspects of grassroots units to promote improvement in basic management at grassroots level and implementation of the requirements of management improvement. Over 50 employee representatives at Shanghai made patrol inspection and random inspection of the subordinate units of nine subsidiaries including Baosteel Co., Ltd., Baosteel Engineering and Baosteel Development Co., Ltd. Meanwhile, Bayi Iron & Steel, Shaoguan Iron & Steel, Anhui Wanbao Mining Co., Ltd. of Baosteel Resources and other units outside Shanghai also organized their own "Employee Representatives' Views on Baosteel" activities. There were 69 opinions and suggestions put forward by the employee representatives during their field inspection and symposium with leaders of the Corporation. And these opinions and suggestions were carefully sorted and fed back to relevant units and departments timely for implementation and handling.

▶▶ **Conducting Special Inspection on Collective Consultation for Quality and Performance Improvement**

In November 2015, taking the opportunity of promoting the implementation of newly revised *Regulations of Shanghai Municipality on Collective Contracts* to boost the collective consultation for quality and performance improvement, Baosteel organized cadres of the labor unions of its secondary units and labor relations coordinators to establish an investigation and inspection team of collective consultation. It, focusing on collective consultation and collective contract management, carried out inspection of 38 sub-items of six items, i.e., construction of collective consultation mechanisms, the term of collective contracts, collective consultation representatives, collective consultation procedures, collective contract review and filing and publication of collective contracts. Through cross-examination among different units, totally 16 secondary units inside and outside Shanghai were inspected, the situation of the signing and implementation of *Collective Contracts* of 36 grassroots units were inspected through spot check. And the problems found in inspection were communicated and fed back to relevant units timely, and opinions and suggestions were put forward for further strengthening the work of collective consultation and collective contracts in the future.

Successful Holding the Third Meeting of the Third Employees' Congress

On January 16, 2015, at the third meeting of the third employees' congress of Baosteel, the representatives present listened to and deliberated on the administrative report given by President Chen Derong, *Report on the Safety Production Management in 2014 and the Work Plan in 2015*, *Report on the Energy and Environmental Protection Work in 2014 and the Work Plan in 2015* and *Report on the Operation and Management of Baosteel's Corporate Annuity in 2014* and deliberated on the *Report on Employee Education Funds Use in 2014 and Training Plan in 2015*, *Report on Information Management of Employees Demand and Concerns in 2014* and *Comprehensive Report on Publicity of Factory Affairs and Democratic Management in 2014*.

Data Statistics of Staff Assistance in 2013-2015

Year	Total Peron-times Aided	Amount (RMB Million)	Living Allowance		Education Grants		Medical Relief	
			Peron-times Aided	Amount (RMB Million)	Peron-times Aided	Amount (RMB Million)	Peron-times Aided	Amount (RMB Million)
2013	33949	28.56	30546	19.02	1186	1.09	2217	8.45
2014	46254	34.32	40182	24.66	1668	1.21	4404	8.45
2015	46300	32.11	42942	24.85	1126	1.33	2232	5.94
Total	126503	94.99	113670	68.53	3980	3.63	8853	22.84

Organizing and Holding Women's Day 2015 and "Journey of Happy Rose" Activity

On March 7, 2015, the Labor Union of Baosteel organized the Women's Day 2015 and "Journey of Happy Rose" activity, with over 300 female employees participating in the activity. Leaders of Baosteel presented awards to the groups and individuals winning "Golden Rose Medal" and "Golden Rose Award", thus further creating and cultivating a passionate cultural atmosphere and occupational status of "Passion, creation, sharing and development" for female employees and inspiring the passion of female employees to contribute their wisdom and strength to the second undertaking of Baosteel.

Employees' Three Top Concerns

"Work Environment Renovation for Front-line Employees" was a key project of the "Three Top Concerns" for employees in 2015. Renovation of staff lounges, bathrooms, dressing rooms, canteens, toilets and other projects were promoted and implemented. Subsidiaries also collected the opinions of employees through various information feedback channels, went deep into the front line to sort out, investigate, explore and grasp the problems closely related to the vital interests of the employees to seriously carry out the "Three Top Concerns" projects. There were 1,844 "Three Top Concerns" projects at the grassroots level through the year, including 1,632 ones concerning life logistics, 137 ones regarding site environment, 35 ones regarding human care and 40 ones regarding compensation and welfare. The 1,844 "Three Top Concerns" projects at the grassroots level included 1,566 renovation projects of the corporate key project "Work Environment Renovation for Front-line Employees," including 1,081 lounges, 41 bathrooms, 33 dressing rooms, 20 canteens and 391 toilets. By the end of 2015, the completion rate of the 1,844 projects was 99.89% and the completion rate of the Corporation's 1,566 key projects reached 100%.

Employee Assistance Activities

Baosteel carried out assistance activities themed by "Coming to the grassroots to visit employees, solve problems and convey assistance" on New Year and the Spring Festival. During the activities, the leadership and management of the units at all levels visited and consoled 7,388 people and 14,424 employees on duty during holidays, with an increase of 146% than 2014. The data statistics of assistance activities in the past three years were as follows:



Activities for the Sixth Baosteel Youth Culture Festival

Baosteel held a series of activities in the Sixth Baosteel Youth Culture Festival. Over 2,000 young staffs were involved in the opening ceremony of "Dream-Setting Sail" Zhanjiang Steel Youth Development Themed Show, the Fourth "Hwabao Cup" Baosteel Youth Wealth Management Contest, "Shaoguan Steel Cup" Youth Development Themed Essay Competition, the Third "Baosteel Co., Ltd. Cup" Baosteel Youth Environmental Protection Themed Microfilms Competition, the Second "Baosteel Development Cup" Youth Cooking Contest, the Second "Baosteel Resources Cup" Youth Cue Sports Challenge, the Second "Baosight Cup" Killers of the Three Kingdoms Youth Contest, Baosteel Youth Public Flea Market and the Third Baosteel Youth Ambassador Selection and other novel and rich cultural activities. The cultural festival activities which integrated education into entertainment played an important role in gathering strength and mental efforts while helping the youth enjoy pleasure and relieve work stress, so that a group of young enthusiasts in arts and culture could stand out prominently. In addition, all the grassroots units also carried out thousands of various recreational and sports activities, so that the cultural heritage of Baosteel for 30 years could be deeply rooted in the young people and encourage the young people to have a firm belief in the second undertaking of Baosteel.

Opening Up New Channels of Communication

Baosteel revised the "Bridge" Forum page design. Centering on the most popular sections and columns, the Corporation added personal homepage to "Bridge" space, developed logs, photo albums, recording, sharing and other functions, promoted the transition to community forum and its application, and enhanced the collaboration between "Bridge" Forum network and mobile system, to highlight the individual needs of employees. The "Bridge" Forum was utilized to conduct investigation into the current state of the youth, research into the satisfaction rate of the Communist Youth League and separate accommodation and other questionnaire researches, with a total of nearly 2,000 votes received, thus gaining further in-depth understanding of the thoughts of the young staffs.

The official WeChat account of "Baosteel Youth League" continuously released text, photos, videos and voice works and developed statistics, voting, group buying and other functions. Cumulatively 277 graphical and text messages and 38 voice messages were released, with clicks of 299,021 person-times.

Baosteel Persons of the Year Awarding Ceremony

On the afternoon of January 28, 2016, Baosteel Persons of the Year Awarding Ceremony was held. Various excellent teams were honored at the ceremony, including the collaborative supporting team from Bayi Iron & Steel and Shaoguan Iron & Steel, grassroots Party workers, the financial system, Baosteel Ultralight BIW independent R & D, intelligent manufacturing, Ouyeel Commerce and Zhanjiang Iron & Steel. In 2015, with the courage to overcome difficulties and the determination to struggle unremittingly, Baosteel people blew on the trumpet of "Resolutely Winning the Critical Battle of Reform and Transformation of Baosteel" despite all the difficulties and obstacles. National model workers of Baosteel and the representatives of those who won Baosteel "Zengle Award", Major Award of Baosteel for Technology Innovation, Baosteel "Golden Bull Award" or Baosteel "Silver Bull Award" appeared on the stage. Xu Lejiang, the Party Secretary and Chairman, and President Chen Derong and other leaders of Baosteel presented awards for the representatives of models. The winners of the first session of "the Most Beautiful Baosteel Person" also appeared on the stage. All of them were the ordinary employees from the grassroots level and were awarded for their adherence to professional ethics or social morality, their dedication, or their kindness to others, who demonstrated Baosteel people's speciality with their practical actions.



"Young People Pioneer in Reform and Innovation" Themed Practice of Baosteel Youth

In the face of the severe situation of iron and steel industry, Baosteel, centering on the construction of Zhanjiang Iron & Steel engineering, organized the campaign of "Young People Pioneer in Reform and Innovation" among the young rangers of Zhanjiang Iron & Steel engineering to make achievements at posts, and expanded the scope of the campaign to the young rangers of the Metallurgical Corporation of China (MCC Group for short) and other participating units of Zhanjiang Iron & Steel Project. A total of 125 teams of young rangers were established to turn loss-making into profit-making and increase profits, of which 106 teams had achieved 134 phased achievements and 1,208 young people were directly involved in the campaign of turning loss-making into profit-making as young rangers. Meanwhile, Baosteel conducted statistics and analysis of the information on the young rangers capable of turning loss-making into profit-making and increasing profits in various units, prepared *Analysis Report on the Statistics of the Youth Rangers for Turning Loss-making into Profit-making and Increasing Profits in the Corporation*, and organized rational proposal-collecting activity of "Giving Good Proposals for Reform" to gather the wisdom of young people to offer advice and suggestions, thus making positive contribution to the overall reform and development of the enterprise and winning success in the campaign of turning loss-making into profit-making and increasing profits.

Big Data of Baosteel "Bridge" Forum

Users: 53,000 persons, accounting for 40% of the staff of Baosteel.

Posts: a total of 5,018,000 posted messages and replies in 2015.

Visit intensity: visits of 1.18 million person-times in 2015 and of 120,000 person-times at most in a single month.

Amount of visits: 2.5 times of visit to "Bridge" on average per user per month in 2015.

Employee hotline: totally 938 inquiries received in 2015, including 475 inquiries for information, 232 complaints, and 231 suggestions.

E-interaction: the features of "E-interaction" section were continuously improved in 2015. Baosteel Stainless Steel, Baosteel Chemicals, Baosteel Development, Baosteel Special Steel and other units carried out seven online interaction communications around the subjects of transformative development, Zhanjiang Engineering, and operations and management and so on, attended by over 600 employees. "E-interaction" features were further improved, with 36 pages and 49 function points developed for question review, reply review, statistics query, addresses by guests and other functions, enhancing convenience for communication and deepening the level of analysis.

Best practice: A "special line show" mechanism was promoted to identify "micro highlights" in youth development. The story materials of 96 best young practitioners were published through voting on forums, WeChat publishing and other means to widely set models of respectable, credible and lovely young people.

Voting and survey: a total of 37 survey questionnaires were distributed by "Bridge" Forum in 2015, with participants of 6,123 person-times and mobile voting for 10,531 person-times, viewed by nearly 120,000 people.

Administration force: young employees with expertise in text, photography, video and other areas were continuously hired and a new media newsroom was established to actively carry out positive online education and public opinion guidance. There were 40 invited senior administrators and 16 virtual editors.



Every help in need has been the payment to the society

Over thirty years Baosteel has been devoted to social welfare

My Story

In early 1990s, a lot of people thought study useless. However, Baosteel firmly believed that education was the root for the prosperity of the country. Although the phase-II project of Baosteel was still under construction and Baosteel then had a tight budget, Baosteel still decided to support the development of education by setting up "Baosteel Scholarship" open to colleges and universities in China with an initial fund of RMB 2 million and the first prize of RMB 1,000, which was one of the highest then in China. Over the years, Baosteel continued supporting education in China in process of the constant development of itself. In 1999, Baosteel increased the total amount of the education fund to RMB 50 million. In May 2005, Baosteel Education Foundation was established with the approval of the Ministry of Civil Affairs of the People's Republic of China, and at the times of the 20th anniversary of Baosteel's putting into production in September of the same year, it invested another RMB 50 million for Baosteel Education Foundation, thus the total reaching up to RMB 100 million. In 2015, Baosteel decided to add another RMB 54 million to the foundation in the following three years. Up to 2015, a total of nearly RMB 200 million had been awarded by Baosteel Education Foundation to 21,525 people. It takes ten years to grow trees but a hundred years to rear a generation of well-educated people.



Mo Zhen, Secretary-General of Baosteel Education Foundation

Known as a product of the reform and opening up of China, Baosteel was commenced the construction.

1978

All the young pioneers of the Squadron of Class 1, Grade 3 of Sixiang Primary School, Tai County, Jiangsu Province donated RMB 19.87 earned from selling waste materials which were collected by them, for the construction of Baosteel.

1984

Baosteel established the "Baosteel Scholarship" open to the colleges and universities in China, with 118 colleges, universities and research institutes covered currently.

1990

Baosteel Elegant Art Award Fund was established.

1993

Eight Baosteel employees travelled to the Antarctica and managed to build Baosteel Building at the Great Wall Station with only 72 days.

2001

Tibet-aiding projects were launched and a total of RMB 251 million was invested in the past 14 years. In 2002, Yunnan-aiding projects were launched and a total of RMB 127 million was invested in the past 12 years.

2002

Baosteel became the first iron & steel enterprise in the world that made its name shown on the "Donors' Wall" in the Olympic Museum.

2007

Baosteel launched projects for pairing assistance for the Yopurga County of Kashgar City, Fuyun County of Altay Prefecture and Yawulong Industrial Zone of Tianshan District of Hami City of Xinjiang Uyghur Autonomous Region with a total of RMB 59.01 million invested in recent nine years.

2007

When the earthquake occurred in Wenchuan, Sichuan Province, China, Baosteel joined in the rescue in the earthquake-stricken area as soon as possible and contributed a total of money and materials worth RMB 117 million.

2008

13 Baosteel men managed to build Kunlun Station, the first Chinese scientific research station in the Antarctic inland area with the maximum freezing point.

2009

Hwabao Trust brought an innovation to philanthropy by establishing Hwabao Kind Trust Fund.

2013

17 Antarctic Commando members from Baosteel completed construction of the fourth Chinese scientific research station, Taishan Station, with efforts made around the clock.

2014

Baosteel launched Qinghai-aiding projects, and up to now, an accumulative investment of RMB 18.33 million has been input.

2014

97 craftworks crafted by over 30 artists from Baosteel were sent to Milan Expo for charity auction and the auction gain of € 7,100 was donated to the public-welfare projects of the Soong Ching Ling Foundation in Italy.

2015

Baosteel won China Charity Award, the top government award in Chinese philanthropy, for the sixth consecutive year.

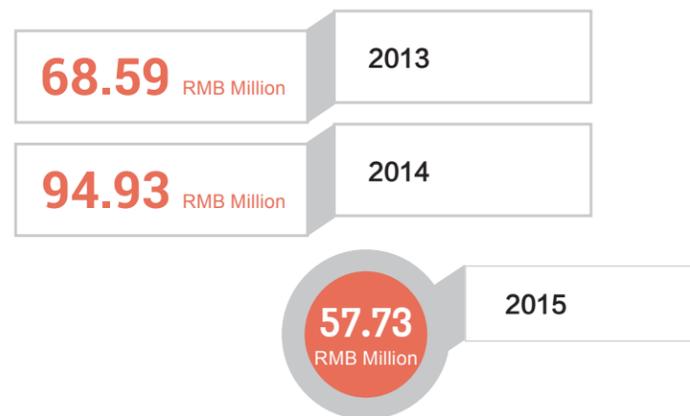
2015

GENERAL INFORMATION ON DONATION

In 2015, in strict accordance with the requirements of the Managing Measures for Outward Donation and Sponsorship and Circular on Strengthening the Administration of Donation, Baosteel standardized the approval processes for donation and strengthened tracking donation programs, and totally donated outwards RMB 57.73 million.



The Amounts of Donation by Baosteel



Categories	Amount (RMB million)	Proportion (%)
Donation to public relief and public welfare	0.35	0.6%
Aid for the impoverished and disadvantaged and Baosteel-aided construction	47.18	81.7%
Donation to education sector (education grants)	7.72	13.4%
Donation to cultural and sports sector	0.80	1.4%
Other donations	1.68	2.9%
Total	57.73	100%

RELATIONSHIP WITH COMMUNITIES



▶▶ Shanghai

Establishing Livable Communities

The Baoshan community program of "Friendly Baosteel" was continuously promoted in 2015 based on the program of caring for the elderly in 2014. Baosteel Co., Ltd. funded for the environmental remediation of the Second Yuepu Village in Yuepu Town as well as the adding and repair of elderly activity room, reading room and public activity facilities of the neighborhood committees surrounding the Cold-rolling Thin Plat Mill of Baosteel Co., Ltd., and for poverty alleviation. In February, Baosteel Co., Ltd. organized Community Poverty-aiding Joint Development Agreement and Education Assistance Ceremony with Yuepu Town, and young employees actively participated in the activity, providing support for the community building in public-welfare environmental protection and volunteer services and other aspects. In July, a practical project collaborated by Baosteel Development Catering Management Company and Youyi Road Sub-district of Baoshan District, the restaurant of the service center for the elderly was officially opened. Elderly people aged 60 or more at Youyi Road Sub-district could have meals at the restaurant or have lunch at home by ordering it through neighborhood committees. Elderly people living at the Tenth Baosteel Village wrote a letter of appreciation to the restaurant to commend its providing quality, hygiene and clean food and working for the benefit of the elderly. In September, Baosteel and Shanghai Association of Social Work held "Sharing the Experiences of Creating Livable Communities in Baoshan" and the activity of community residents' views on Baosteel.



Guangdong

June 30 was the "Poverty Alleviation Day of Guangdong Province", on which Shaoguan Iron and Steel donated RMB 2 million to the Shaoguan Charity Federation to assist the poor villages determined in the poverty relief and development scheme of the provincial and municipal governments, which was characterized by "Planning for an Individual Household and Assigning Responsibility to an Individual Person".

On September 25, on the occasion of the successful ignition of No.1 Blast Furnace of Zhanjiang Iron & Steel Project of Baosteel, the Corporation, Baosteel Co., Ltd. and Zhanjiang Iron & Steel donated stationery and sporting goods to the Dongjian Town Central Primary School in Zhanjiang and gave the students *Young People's Environmental Knowledge Handbook*, including 1,500 sets of stationery, 1,146 sets of desks and chairs and 1 set of basketball stands.



▶▶ Xinjiang

In 2015, Bayi Iron & Steel made external donations of RMB 2.24 million. The No.1, No. 2 and No. 8 Villages of Yekexianbai Township of Yopurga County of Kashgar Prefecture were the fixed points of Bayi Iron & Steel for "Investigating People's Situation, Benefiting People's Livelihood and Cohering People's Feelings" and the points for poverty alleviation. In 2015, Bayi Iron & Steel dispatched 14 cadres to participate in the second phase of "Investigating People's Situation, Benefiting People's Livelihood and Cohering People's Feelings" in Xinjiang Uyghur Autonomous Region by staying at villages, building 50 farming stalls, large stage for local villagers, convenient service center and library, set up standard basketball court, volleyball court, outdoor fitness equipment and other infrastructure, purchase 21 computers and desks and chairs for the primary school in the village they were temporarily based, lay floors and built a standard computer room. They also drilled two wells for the village and erected cables and installed transformers, thus solving the problem of irrigation for 700 mu land. Meanwhile, Bayi Iron & Steel organized cadres and workers to carry out "Showing Love" activities for two consecutive years, with nearly 30,000 pieces of clothing and household appliances donated, and was thus widely praised and highly evaluated by the rural residents.

Bayi Iron & Steel supported national defense and consolidated its relationship with co-built armed forces. In 2015, Bayi Iron & Steel visited the co-built armed forces and donated RMB 260,000.

Subordinate enterprises of Bayi Iron & Steel did a good job in poverty alleviation for the local. In 2015, YAMANSU mine invested RMB 115,000 of poverty alleviation funds to its fixed assistance subject of Yawulong Development Area in Hami Prefecture for developing cattle and sheep fattening, red date gardening and other projects. Mengku Iron Ore donated RMB 50,000 to Fuyun County Fire Brigade, border brigade and Ashele Village of Kurt Township and strengthened ties and integration with the local fire department, co-built troops and local villagers.

In 2015, the work group of Bayi Iron & Steel in the second round of "Investigating People's Situation, Benefiting People's Livelihood and Cohering People's Feelings" was rated as an excellent work group by the autonomous region, and Ablikim Yasen, Erkin Kurban and Abdullah were awarded the title of excellent workers in the campaign.



Baosteel Youth Volunteers at Milan EXPO



charity auction site of Baosteel's artwork

▶▶ Milan

Baosteel became a strategic partner of China Corporate United Pavilion of Milan Expo as a core exhibitor, not only provided all the quality steel for China Corporate United Pavilion, thus showing the beauty of steel to the world, but also let the world feel the temperature of steel through the exhibition of "Landscape of Baosteel", dispatched young volunteers, planned and organized public benefit activities and other forms on this stage. In June 2015, 97 pieces of craftworks including porcelain, fan covering, teapot, paper cut and cucurbit works by over 30 artists of Baosteel were sent to Milan Expo for auction for public welfare, and over 20 guests and visitors from the United States, Britain, the Netherlands, Slovakia, South Africa, New Zealand, Italy and China bid their favorite works. All the € 7,100 gained in the auction was donated through Soong Ching Ling Foundation of Italy to orphanages and elderly welfare houses in Milan, Rome and other places.



arts and crafts created by Baosteel artists

CONTRIBUTION TO THE SOCIETY



▶▶ Aiding Tibet

Baosteel invested RMB 27.10 million to aid Tibet in 2015.

This round of Tibet-aiding projects was characterized by focusing on people's livelihood to directly and continuously benefit herdsmen, cohering people's feelings, improving the capability for public services, developing industries, adhering to developing the dual driving forces of culture and tourism and improving the endogenous driving forces of Zhongba County for development and so on. A group of supporting projects which widely involved multiple aspects and were urgently needed by herdsmen were completed, thus greatly improving the production and living conditions of the society and economy of Zhongba County.

Baosteel formulated the principle of allocating Tibet-aiding funds mainly to "people's livelihood and the grassroots", successively invested more than RMB 13 million for the construction of roads and bridges in the township and village area to further improve the travel conditions of herdsmen, improved the conditions for herdsmen to move cattle to another pasture and shortened the time spent for moving, so as to reduce the loss by "losing weight" of livestock during the time of moving. Currently, the road and bridge construction projects of 13 townships were completed gradually, thus basically forming a transport network connecting townships in Zhongba County.

Baosteel put forward a new idea of "developing a small town at the plateau pasturing area with dual driving forces of culture and tourism", trying to build Paryang Town into "An Inn in the Holy Mountain" and make it the engine and endogenous driving force of a new round of development of Zhongba County. Upon two years of construction, the infrastructure of Paryang Town was basically completed, urban and rural transformation was promoted smoothly, and the cultural and tourism complex project constructed with the support and investment of RMB 25 million of Baosteel were to be put into operation soon. The tourism revenue of Paryang Town reached more than RMB six million in 2015, increasing by over 500% compared with that of 2013. Currently, with the strong support of Baosteel and the CPC Shigatse Municipal Committee, Paryang was listed among the special small towns of Shigatse and Tibet Autonomous Region which would be as a key for construction and became a "National Key Town".

Yang Qianwei, a cadre of Baosteel sent to aid Tibet, was granted the honor of Advanced Individual in Social Poverty Alleviation Work 2014-2015 by Xizang. Only seven people of the more than 1,000 Tibet-aiding cadres received this honor. Yang Qianwei was the only Tibet-aiding cadre in Shigatse who won the honor, and also the first Tibet-aiding cadre of Baosteel who won this honor.



▶▶ Aiding Yunnan

In 2015, Baosteel invested RMB 9.5 million to its fixed-point poverty alleviation subject of Pu'er City for whole-village advancement, education projects and industrial projects, so as to make more children have access to education, boost local economic development and improve people's lives.

On June 3, 2015, Symposium on Baosteel's Fixed-point Poverty Alleviation to Pu'er and Assistance Project Signing Ceremony was held in Pu'er City, marking the starting of a new round of Baosteel's fixed-point poverty alleviation projects. Chen Derong, President of Baosteel, attended the symposium and the signing ceremony. Wang Shiping, Deputy Director of Yunnan Provincial Poverty Alleviation Office and Party and government leaders of Pu'er City attended the event.

Chen Derong and other members of the delegation also inspected the implementation of whole-village advancement projects of Laozhaozhai Village of Wenquan Village and Nakeli Village of Tongxin Township in Ninger County and inaugurated the culture activity room of Laozhaozhai Village. The project was aided by Baosteel, including newly-built houses for low-income families, cultural activity room, roads within the village and other facilities, thus effectively improving the production and living conditions of the villagers in Laozhaozhai Village.

Since 2004, Baosteel has provided fixed-point assistance for four counties including Zhenyuan, Mojiang, Ningde and Jiangcheng in Pu'er City and provided assistance funds of RMB 110 million accumulatively, involving 409 projects concerning whole-village advancement, industrial poverty alleviation, social undertaking development, assistance to Kucong people and earthquake relief, etc. and benefiting 201,000 people of 50,000 households in 270 villages of 42 towns. It effectively helped improve the rural production and living conditions of the farmers in the counties for fixed-point poverty alleviation and promoted poverty reduction and poverty alleviation in poor areas.

In the past 11 years, Baosteel has accumulatively built 24 Hope Primary Schools and funded 6,975 poor students, helped build 38 village clinics, greatly facilitating poor people to see the doctor and helped over 4,200 poor patients with cataract receive free operation to make them recover their sight by carrying out "Eternal Love•Bright Action" program.

In addition to actively participating in fixed-point poverty alleviation, Baosteel also dispatched cadres to be responsible for the coordination service by taking temporary posts, organized its staffs to participate in donation and education assistance, and provided assistance for the subjects of fixed-point poverty alleviation to help them overcome natural disasters.



▶▶ Aiding Qinghai

In 2015, Baosteel invested RMB 6.9 million to aid Qinghai. Eight of the 11 aided projects were completed and accepted, of which the four projects of education and health directly benefiting the farmers and herdsman were completed and put into operation, i.e., Douhesuo Boarding School boiler room and supporting heating facilities, Kaligang School student canteen in Bagou Township, the pharmacy room of Tongde Town Tibetan Hospital and Tongde County Health Service Center. After the design and improvement for one year, the theatre and library projects of Tongde County was topped at the end of 2015, which were expected to become the landmark works of the new county.

While carrying out Qinghai-aiding projects, Baosteel took the unique advantage as a CSOE to provide intelligent aid to the development of Qinghai. In June 2015, Baosteel organized Advanced Workshop for Business Operation and Management Talent of Hainan Tibetan Autonomous Prefecture, with over 50 business operators participating in the workshop, laying a solid foundation for the industrial poverty alleviation and future development of Hainan Prefecture.

In July, Hwabao Trust joined Oriental Morning Post to carry out "Inspiring Dreams in the Childhood – Public Welfare Activity Supporting the Primary School of Tongde at a High Altitude", through which 448 students of Yingnuhu Primary Boarding School received cotton clothes and environment-friendly stationery and care packages donated by over 70 social caring people, which were worth RMB tens of thousands. Meanwhile, a new basketball court was built using the fund of RMB 100,000 raised through the donation platform of Alipay.

In September, "Love, Come Together" Micro Public Welfare Activity organized by the headquarters of Baosteel was held at Tongde County of Qinghai again. In 2014, Baosteel people conveyed their care to Douhesuo Primary School of Tongde County. In 2015, after learning that Kaligang Primary School needed help, employees at the headquarters of Baosteel actively responded and donated materials and money. Some employees specially bought cute cartoon bags, new painting crayons and warm blankets. In just one week, 715 pieces (sets) of bags and stationery, 1,241 (sets of) books, 80 quilts, 103 pieces of clothing and cash of RMB 8,470 were collected.

Baosteel's aiding to Qinghai was highly praised by Suonan Dongzhi, Governor of Hainan Tibetan Prefecture of Qinghai Province: "Baosteel always adheres to the principle of 'focusing on people's livelihood, providing timely aid and emphasizing the combination of economic and social benefits', making a significant contribution to promotion of economic and social development and improvement in people's livelihood of Tongde County!"

Huang Daofeng, a Qinghai-aiding cadre of Baosteel, was granted the honorary title of "Advanced Individual" for pairing aid to Hainan Prefecture in 2015.



▶▶ Baosteel Education Fund

On November 15, Baosteel Education Award 2015 annual awards ceremony was held in Talent Development Institute. Upon evaluation, 374 students including Ge Xuezheng received 2015 Baosteel Excellent Student Award, 25 students including Tang Jing received the Grand Prize of 2015 Baosteel Excellent Student Award, 80 students including Liang Mincong received 2015 Baosteel Excellent Student Award (for the regions of Hong Kong, Macao and Taiwan of China). 6 teachers including Li Shengbin were awarded the Grand Prize of 2015 Baosteel Excellent Teacher Award, 249 teachers including Li Dan received 2015 Baosteel Excellent Teacher Award, and 12 teachers including Yang Bin obtained the Nomination Award of the Grand Prize of 2015 Baosteel Excellent Teacher Award.

Baosteel Education Fund is one important measure of Baosteel to support education and requite the society. Up to now, there have been more than 21,000 teachers and students from more than 100 colleges and universities nationwide winning Baosteel Education Award. In July 2015, the Board of Directors of Baosteel approved *Proposal for Supplementing the Principal of Baosteel Education Fund*, in which it was planned to supplement capital of RMB 54 million for the education fund in the next three years, providing effective guarantee for the operation and continued development of Baosteel Education Award. The total amount of the capital increase has been the largest in its history.

▶▶ Walk for an Egg

In April 2015, Baosteel, Nippon Paint and Shanghai United Foundation announced to cooperate to start the planning and promotion of annual public welfare program and organized "Walk for Love, Love Makes Us Work for Public Welfare Together" media sharing meeting for Nippon-Baosteel public welfare cooperation in Baosteel Tower; in May, the 16 teams formed by 96 Baosteel employees and 40 Baosteel volunteers were deeply involved in the activity of "Walk for an Egg", and the commute vehicles and Baosteel Love Stations sponsored by Baosteel, became the most beautiful scenery on the site. Baosteel had funded the most well-known non-governmental public welfare activity in Shanghai for four consecutive years and the members of Baosteel's walking teams donated nearly RMB 570,000 cumulatively to children in poor areas, equivalent to 712,000 eggs.



▶▶ "Environmental Knowledge into Campus" Public Welfare Activity

In July 2015, as one of the first demonstration units of social responsibility for environmental protection, Baosteel donated 5000 copies of *Teenagers' Handbook of Environmental Knowledge* to environmental publicity and education public welfare activity "Environmental Knowledge into Campus for Tomorrow". The public welfare activity was jointly launched by All-China Environment Federation and local environmental protection departments and education departments.

▶▶ National Natural Science Foundation of China - "Joint Fund for Iron and Steel Research"

In 2000, Baosteel and National Natural Science Foundation of China jointly initiated and founded the "Joint Fund for Iron and Steel Research". The fund is open to the whole country, preferentially provides subsidies for the research into new metallurgical technologies which are badly needed by China's iron and steel industry and the basic research projects with scientific significance and value of application in process, material, energy, the environment, equipment and information, and encourages innovation, interdisciplinary study and integration of firms, universities and research institutes, giving its priority to the young talent in science and technology.

The fifth term of cooperation (2015-2019) currently being carried out is focused on the research into the basis of high efficiency, green, sustainable iron and steel manufacture technology and its application basis and the research projects on the application basis of advanced materials, resources, energy and environmental protection which are needed for the transformative development of the iron and steel industry.

In 2015, "Joint Fund for Iron and Steel Research" subsidized eight key projects including "Research into the Formation Mechanism and Control Principle of Metallurgical Defects of High-speed Rail Bearing Steel" and "Basic Research into the Theory and Technology of the Steel with Low Density, High Elastic Modulus and High Strength" and ten exploratory breeding projects including "Integrated Filtering Integration Technology of Sintering Flue Gas Desulfurization and Denitrification" and "Anticorrosion Mechanism of Self-repairing Organic Composite Coating with Graphene as Reinforcement", of which each was industry leading and urgently needed by the State.

By the end of 2015, "Joint Fund for Iron and Steel Research" had totally subsidized 275 research projects with an amount of RMB 164 million (including the 82 million contributed by Baosteel). By subsidizing project research, the "Joint Fund for Iron and Steel Research" attracted a group of high-quality experts and made a number of important research achievements in fundamental research and application fundamental research with independent intellectual property rights.



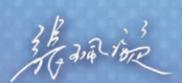


Every success has been proved by the success of our partners
We always upholds co-construction, sharing and trustworthy

Over thirty years Baosteel has succeeded with our partners

My Story

Since joining Baosteel, I successively undertook different jobs such as investment review, industry planning and strategy planning, of which all were closely related to corporate development, and Baosteel's planning for the future and responsibility to lead the industry have always been inspiring me. Since the second half of 2014, I have participated in the planning and assisted in establishing Ouyeel Commerce, which is an ecological third-party iron & steel service platform taking the "service-oriented manufacturing system" as its business mode on the basis of new technologies and means such as the Internet, the Internet of Things, big data and mobile Internet. At Ouyeel, we advocate "common construction, sharing and trustworthiness", and sincerely invite motivated young talent and supply chain enterprises to participate in the platform construction, to build a brand new ecosphere with high efficiency, good order, mutual trust and common growth and share the value created by the platform in the near future.



Zhang Peixuan, Secretary of the Board of Directors of Ouyeel Commerce

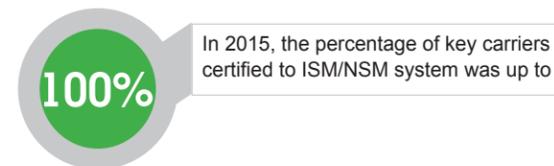
Known as a product of the reform and opening up of China, Baosteel was commenced the construction.	1978
A "Production-Marketing-Research Operation Mechanism" was preliminarily formed and its flattening operation mode was a self-owned management brand created by Baosteel in decades of exploration and practice.	1991
Baosteel's first wholly-owned overseas company, Baosteel Howa Trading Co., Ltd. was registered for establishment in Tokyo, Japan.	1993
Baosteel initiated integrated production-marketing-research collaboration to promote the enhancement of the competitiveness of products by improving cross-department collaborative efficiency and the capability for rapid response.	1995
Baosteel further promoted the project of customer satisfaction (CS), implementing all-around satisfaction management in six aspects of quality, price, date of delivery, services, environment and innovation.	1997
Baosteel and Vale S. A. jointly incorporated Baohuarui Mining Co., Ltd. with 50% of the total capital contribution of each party.	2001
Baosteel and Hamersley Iron Co., Ltd. of Australia co-founded Bao-HI Ranges Joint Venture.	2002
Baosteel implemented the "early-vender-involvement" strategy so as to provide customers with materials with better performance and customized services.	2002
Baosteel put manager responsibility system for key customers into trial operation so as provide one-stop services.	2009
Baosteel built an e-commerce procurement platform and specially established self-recommendation channels for suppliers to create an opener supplier management system.	2009
Baosteel established its first overseas joint processing center (NSM) in Italy, marking that Baosteel officially began to provide overseas services of steel products processing and delivery.	2011
Baosteel established Nansha Baosteel Steel Products Service Center, making the number of its domestic marketing outlets up to 108 and realizing provision of customized service for all the key customers.	2015
Baosteel established Gaoxiong Office, increasing the number of overseas marketing outlets to 23 and forming a world-wide marketing network.	2015
Baosteel established Ouyeel Commerce to construct a steel service ecosphere based on the values of "common construction, sharing and trustworthiness".	2015

JOINT DEVELOPMENT WITH SUPPLIERS

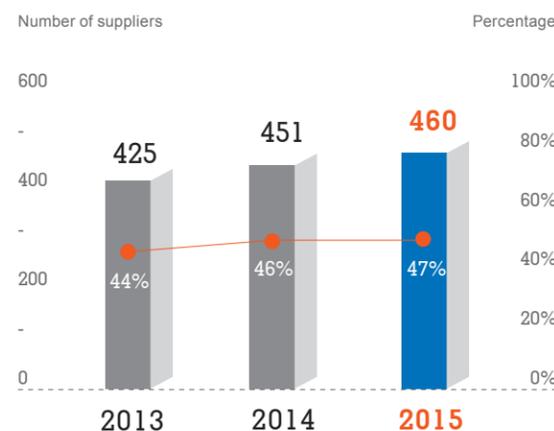
▶▶ Supplier Certification

As of the end of 2015, Baosteel Co., Ltd. Material Procurement Center had owned 336 qualified suppliers, including 61 suppliers certified to the Environmental Management System, with a certified rate of 18%. Baosteel continued to implement Environmental Management System (ISO14001) and other certification for suppliers. In introducing new suppliers, priority was given to those with Environmental Management System Certification. In choosing carriers with ships, they were required to have been certified to ISM/NSM system or their ships must be managed by the ship management companies certified to ISM/NSM system. In 2015, the percentage of key carriers certified to ISM/NSM system was up to 100%.

As of the end of 2015, for the materials and spare parts procurement of the headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel, there had been 986 (qualified) general suppliers approved, including 460 suppliers certified to Environmental Management System, with a certified rate of 47%.



Percentage of Material and Spare Parts Suppliers of the headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel which were certified to the Environment Management System



Green Procurement

Baosteel Co., Ltd. Material and Spare Parts Procurement Department identifies green products in a dynamic manner and adopts preferential procurement of such products. The information of the parties certifying green products (governmental organizations, NGOs, Baosteel) and the categories of green products (increasing service life, reducing consumption, saving energy, reducing emissions, recycling, etc.) are maintained in the procurement information system for fine management. Identified green products are timely released on the "Baosteel's E-commerce Procurement Platform". In 2015, the percentage of green procurement of the materials and spare parts of the headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel was 6.0%.

6.0% The percentage of green procurement of the materials and spare parts of the headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel

宝钢采购电子商务平台

95025 呼叫中心

绿色采购 Green Procurement

面向宝钢供应商 东方付通

主要采购业务单元

宝钢股份材料采购部	宝钢股份原料采购中心	宝钢股份工程设备部	宝钢工程技术集团有限公司
宁波钢铁有限公司	上海宝山钢铁股份有限公司	宝钢金属有限公司	上海宝钢化工有限公司
宝钢发展有限公司	新疆八一钢铁有限公司	宝钢不锈钢有限公司	宝钢特钢有限公司

竞价公告

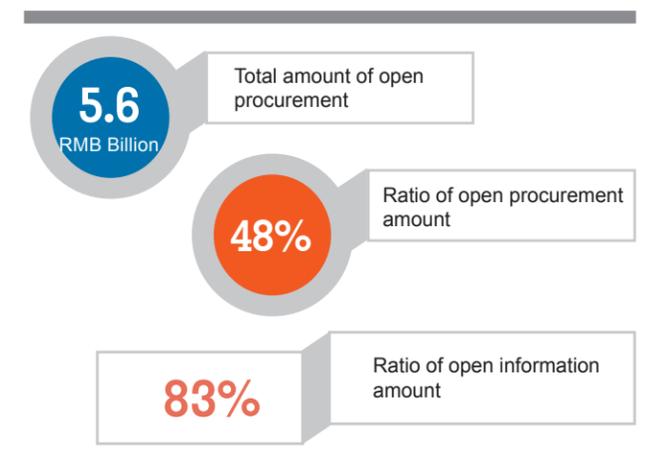
宝钢宝林冷轧带钢用工具及其他	2016-06-03	原材料股份公用甲醇90%公开...	2016-06-03
宝钢宝林冷轧带钢用工具及其他	2016-06-03	原材料股份冷轧安全棒及安全通...	2016-06-03
宝钢宝林冷轧带钢用工具及其他	2016-06-03	宝钢宝林冷轧带钢用工具及其他	2016-06-03

▶▶ Sunshine Procurement

In 2015, based on improving systems and processes, with procurement information system as the basic guarantee, "Sunshine Procurement" was further promoted by strengthening education for warning and studying cases in accordance with the "sunshine, standardized and transparent" procurement and supply process.

Baosteel Raw Material Procurement Center formulated *Management Measures for Sunshine Procurement of Raw Materials and Fuel (Trial)*, defining the promoting mechanisms and specific work of sunshine procurement at the Center. A review meeting on exclusive procurement resource was held, *Prevention and Control Task List of Key Risks of Baosteel Co., Ltd "Six Sunshine" Fields* for the Center was formulated and two management files including *Management Measures on Price Inquiry and Parity of Spot Chartering Transportation of FOB Imported Iron Ore and Coal* were revised and issued.

Baosteel Co., Ltd. Material and Spare Parts Procurement Department signed new version of honesty and integrity agreements with suppliers, and each approved (qualified) supplier had signed an agreement. The total procurement amount through third party bidding was RMB 974 million, accounting for 8.25% of the annual procurement amount. For standard and generic low value consumables, more effort was put on sorting out and packaging them, and the open market was linked to realize changing price with amount. Meanwhile, diversified assessment of quality, cost, delivery and services were carried out for disclosed projects, cooperative and win-win supplier system was fostered and developed, the quality control of the supplier side was strengthened and the production-supply-research platform was actively utilized to link with the market and users, creating a good interaction for cost improvement. In the whole year, the total amount of open procurement reached RMB 5.6 billion, with a ratio of open procurement amount of 48% and a ratio of open information amount of 83%.



Helping Small- and Medium-Sized Suppliers Establish Product Life Cycle Assessment (LCA)

It has been planned in Baosteel green manufacturing development planning "being a driver of green industry chain and the best practitioner being friendly to the environment", upstream enterprises also consume a lot of resources and energy in the process of providing products to iron and steel enterprises, and green procurement is an effective way to drive upstream suppliers to develop in an environment-friendly way. The LCA-based research approach to green procurement of Baosteel was (1) conducting studies on theory and method through the projects of the United Nations Environment Programme (UNEP), (2) conducting pilot study by selecting some suppliers with better conditions, and (3) gradually establishing environmental performance LCA database for suppliers' products, regarding LCA evaluation results as an important reference for product access and giving priority to the product with good environmental performance.

The pilot study of green procurement LCA was conducted for three categories of products in 2015. LCA assessment study on two products of "extreme pressure lithium grease" and "complex calcium sulfonate grease" was jointly conducted with Sinopec Tianjin Great Wall Cooperative Oil Co., Ltd., in which the environmental load of the two types of grease from the same supplier was compared. LCA research into graphite electrode was conducted jointly with the three suppliers from Henan, Jilin and Jiangsu, through which the environmental load of electrode products from different suppliers was compared. LCA research into "high nickel niobium roll" and "indefinite chilled forged steel roll" was conducted with two roll suppliers.

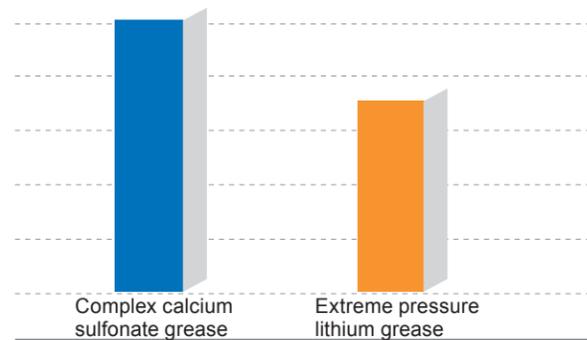
These pilot studies establish a basic LCA environment database for procured products, which provides support for decision making and data accumulation for green procurement by comprehensively comparing the manufacturing and using processes of procured products and considering the environmental load of products in the whole process.

Pilot Project of the Research and Practice of Green Procurement: "Research and Application of Grease Life Cycle Assessment"

The "Research and Application of Grease Life Cycle Assessment" project carried out environmental impact assessment on the process approaches of two grease products, "extreme pressure lithium grease" and "complex calcium sulfonate grease" by using LCA methods and comprehensively evaluated the environmental costs of procurement process and the process of use to provide support for the green procurement of grease products. Through the process of manufacture of the two grease products till their completion, the energy consumption of complex calcium sulfonate grease was 38% higher than that of extreme pressure lithium grease and CO₂ emissions in life cycle is 44% higher. However, when taking the process of use into account, the situation was reversed; for the life-cycle energy consumption per 100 million tons of rolled steel, complex calcium sulfonate grease was 59% lower than extreme pressure lithium grease and life-cycle CO₂ emissions was 57% lower. Therefore, considering the process of manufacture and use of the two grease products, composite calcium sulfonate grease has a greater environmental advantage.

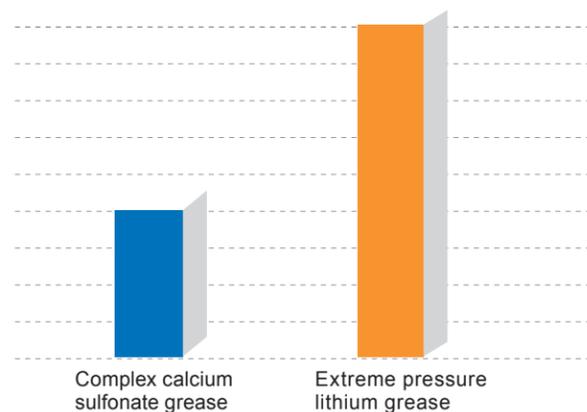


Comparison of the Life-cycle CO₂ Emissions between Complex Calcium Sulfonate Grease and Extreme Pressure Lithium Grease (g/kg grease)



(1) Till the completion of the manufacture process

Comparison of the Life-cycle CO₂ Emissions between Complex Calcium Sulfonate Grease and Extreme Pressure Lithium Grease (kg/10,000 ton steel)



(2) Taking using into account, per 10,000 tons of rolled steel

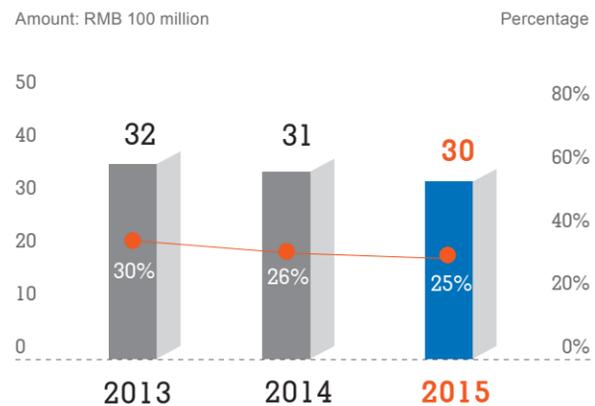
Application of Information Technology in Procurement

Adaptive transformation was made to the information system based on the original enterprise resource planning (ERP) system, which was thus capable of providing support for the centralized control mode of procurement functions of multi-base supply. The efficiency of on-line procurement collaboration was greatly improved by regarding promotion of suppliers' electronic collaborative application of electronic labels, electronic letters of quality warranty, electronic contracts and invoice extraction.

Procurement from SMEs and Local Procurement

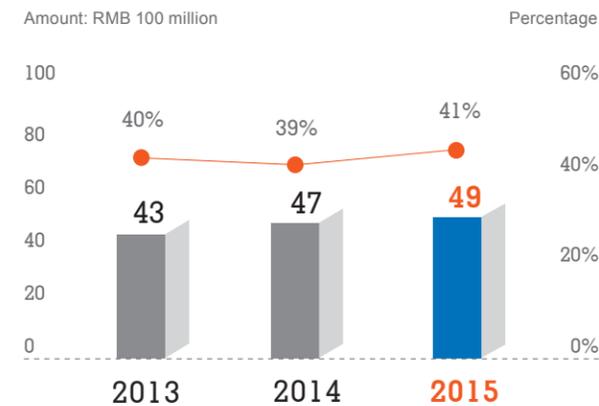
The actual statistics of the materials & spare parts procured by the headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel from SMEs in the past three years was shown in the following figure. (In accordance with the *Classification Standard for Small- and Medium-sized Enterprises* (MIIT et al, Enterprise [2011] No. 300), SME suppliers are defined as an enterprise with registered capital of no more than RMB 10 million.)

Procurement of Materials and Spare Parts by the Headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel from SMEs



The actual statistics of materials & spare parts procured by the headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel from local enterprises in the past three years are shown in the following figure (for the headquarters of Baosteel Co., Ltd., local procurement refers to the procurement from the enterprises registered in Shanghai, and for Zhanjiang Iron & Steel, local procurement refers to the procurement from the enterprises registered in Guangdong Province).

Procurement of Materials and Spare Parts by the Headquarters of Baosteel Co., Ltd. from Suppliers in Shanghai and by Zhanjiang Iron & Steel from Suppliers in Guangdong



Case of Joint Development with Suppliers

Baosteel continued to improve the physical quality control level through multi-party cooperation. In 2015, Baosteel continued to cooperate with well-known international certification companies, aiming at the two categories of materials, i.e., three-piece continuous casting refractories and coil coatings, by working with eight suppliers including Zhenhua Paint Factory of Shanghai Paint Co., Ltd., Valspar (Shanghai) Enterprise Management Co., Ltd., Beckers Industrial Coatings (Shanghai) Co., Ltd., Wuxi Nanfang Refractories Co., Ltd. and Shanghai Bao Ming Refractories Co., Ltd., conducted quality analysis, diagnosis and mentoring, and established the monitoring and feedback and mechanism for the stability of suppliers' manufacturing process. The overall quality performance of these two categories of materials was greatly improved over the year, of which the defect rate of coating fell by 52% on a year-on-year basis; the accident rate of three-piece continuous casting refractories due to suppliers' manufacture process fell by two-thirds year on year.

VALUE CREATION THROUGH SERVICES

PROVIDING CUSTOMERS WITH QUALITY SERVICES

Domestic Network

Baosteel had 108 marketing outlets in 47 large and medium-sized cities of China, including 14 trading companies, 64 steel service centers, 20 offices and 10 subsidiaries, which basically formed a service network covering all the key users and effectively supported the multi-base development layout of strategic users.

As of the end of 2015, Baosteel International had given written approval and reply to a cumulative processing capacity of 8.5 million tons (including shearing of 6.43 million tons, blanking and rocking shear of 1.65 million tons, steel plate cutting processing of 130,000 tons, wear-resistant steel production of 130,000 tons and fine-blanked steel production of 140,000 tons), a cumulative tailored blanks laser welding capacity of 30.97 million pieces, 10.5 million wheels, 3.3 million strokes of hot stamping, 700,000 strokes of hydraulic stamping, 16.5 million strokes of cold stamping and 7 million sets of parts assembly.



HOTLINE

PRODUCT SERVICE HOTLINE:

400-820-8590



Baosteel Northeastern Trading Co., Ltd.

Tiexi, Dalian, Harbin
Shenyang Baosteel
Dalian Baoyou
Changchun Baosteel
Changchun FBS
Jilin Baosteel

Shanghai Baosteel Steel Products Trading Co., Ltd.

Nanjing, Wuxi
Southern Zhejiang
Xuzhou, Yuepu
Shanghai Bao-Mit
Baosteel High-strength Steel

Baosteel Components

Baosteel Packaging
Anhui Baogang, Nanjing Baozhu
Ningbo Bao-Mit, Hangzhou Bao-Mit

Baosteel Motor Wheel

Baosteel & Arcelor Tailor
Wuxi Bao-Mit
Wuxi Baomeifeng
Hangzhou Baowei
Changshu Baosheng

- Trading companies
- Subsidiaries
- Offices
- Steel service center



Shanghai Baosteel Pudong International Trading Co., Ltd.

Taizhou
Changzhou

Baosteel Western Trading Co., Ltd.

Chongqing
Kunming, Lanzhou, Guiyang
Chongqing Bao-Mit
Chongqing Baosteel
Xi'an Baosteel
Chengdu Baosteel
Ba'nan Baosteel
Chongqing Motor Wheel
Chongqing Baoji

Baosteel Southern Trading Co., Ltd.

Jieyang Baosteel
Foshan, shenzhen
Foshan Baosteel
Guangzhou Baojingchang
Dongguan Baosteel
Fuzhou Baosteel, Huadu Bao-Mit
Baofengjing, Liuzhou Baosteel
Xiamen Baosteel, Sanshui Baosteel
Dongguan Components
Guangzhou Bao-Commerce
Liuzhou Components
Zhanjiang Logistics
Nansha Logistics
Nansha Gangbao Port

Baosteel Northern Trading Co., Ltd.

Baoding
Tianjin Industrial & Trading
Baosteel Chuling
Qingdao Bao-Mit
Tianjin Baosteel
Yantai Bao-Mit
Jinan Baosteel
Tianjin Bao-Mit
Shandong Wear-Resistance Steel
Yantai Tiejhongbao
Yantai Motor Wheel

Baosteel Central China Trading Co., Ltd.

Nanchang Baojiang
Zhengzhou Baosteel
Changsha Baosteel
Xiangyang Baohong
Wuhan Baozhang
Hunan Motor Wheel
Zhengzhou Hongzhongbao
Changsha Baosheng

Shanghai Baosteel Stainless Steel Trading Co., Ltd.

Wuxi, Wenzhou
Nanjing, Ningbo
Ningbo Baosteel
Yinzhou
Hangzhou
Wenzhou

Shanghai Baosteel Trading Co., Ltd.

Wuxi
Xinjiang
Xi'an
Songyuan
Puyang

VALUE CREATION THROUGH SERVICES

PROVIDING CUSTOMERS WITH QUALITY SERVICES

Overseas Network

Baosteel's overseas marketing service network, stretching across the world with general representative systems in four major regions including the Europe, Africa and Middle East region, the Southeast Asia and South Asia region, the Northeast Asia and Australia region and the Americas region, consists of four regional headquarters, 17 subsidiaries and representative offices and two processing centers which are responsible for the overall overseas trading services of Baosteel.

- Headquarters of overseas companies
- Branches / offices
- Existing processing centers

01 Canada

Canada Office, Baosteel America
Address: SUITE 302 ,941 RUTHERFORD ROAD, VAUGHAN, ONTARIO, L6A 1S2
Tel.: 001-905-7315885

02 The U.S.

Bosteel America Inc., HQ
Address: 85 CHESTNUT RIDGE RD. MONTVALE, NEW JERSEY 07645, USA
Tel.: 001-201-3073355
Fax: 001-201-3073358

Los Angeles Office, Baosteel America

Address: TOWER 17, SUITE 1180 18881 VON KARMAN AVENUE IRVINE, CA 92612 USA
Tel.: 001-949-7526789
Fax: 001-949-7521234

03 Mexico

Mexico Office, Baosteel America
Address: RM 1204,TORRE ESMERALDA II, BLVD. AVILA CAMACHO #36, COL. LOMAS DE CHAPULTEPEC, DEL. MIGUEL HIDALGO, CP. 11000, MEXICO, D.F.
Tel.: 0052-55-91711788
Fax: 0052-55-91711787

04 Brazil

Baosteel Do Brasil Ltda. (Brazil Office, Baosteel America)
Address: AV.RIO BRANCO, NO.277, SALA 1210,CEP 20040-009,CENTRO, RIO DE JANEIRO, RJ,BRAZIL.
Tel.: 0055-21-25311363
Fax: 0055-21-25310298

05 Spain

Baosteel España S.L.
Address: AVINGUDA DIAGONAL 662-664, PLANTA 2A C 08034 BARCELONA SPAIN
Tel.: 0034-93-4119325
Fax: 0034-93-4119330

06 Germany

Baosteel Europe GMBH. HQ
Address: NONNENSTIEG 1,20149 HAMBURG GERMANY
Tel.: 0049-40-4199410
Fax: 0049-40-41994130

07 Poland

Baosteel Central and Eastern Europe Representative Office
Address: UL.MICKIEWICZA 29,40-085 KATOWICE, POLAND
Tel.: 0048-32-2072886
Fax: 0048-32-2072889

08 Italy

Baosteel Italia Distribution Center S.P.A.
Address: VIA XII OTTOBRE 2-14 PIA-NO,16121 GENOVA, ITALY
Tel.: 0039-010-5308872
Fax: 0039-010-5308874

09 South Africa

Baosteel Africa Representative Office
Address: 11 ALICE LANE, 2ND FLOOR, CORNER 5TH STREET & FREDMAN DRIVE, SANDTON, 2196, JOHANNESBURG, SOUTH AFRICA
Tel.: 0027-11-7839985
Fax: 0027-11-7842408

10 UAE

Baosteel Middle East Fze
Address: RM 1801, LOB 18, JEBEL ALI FREE ZONE,P.O. BOX 262045, DUBAI, UAE
Tel.: 00971-4-8840458
Fax: 00971-4-8840485

11 India

Baosteel India Company Private Limited
Address: OFFICE. NO. 602, C & B SQUARE, 127 ANDHERI KURLA ROAD, ANDHERI EAST, MUMBAI 400 059, INDIA
Tel.: +91 22 30071700
Fax: +91 22 30071777

India Sanand Processing Center

12 Thailand

Thailand Representative Office, Baosteel Singapore
Address: UNIT 5,15F CAPITAL TOWER,ALL SEASONS PLACE,87/2 WIRELESS ROAD,LUMPINI PATHUMEWAN, BANGKOK 10330, THAILAND
Tel.: 0066-2-6368485
Fax: 0066-2-2348989

13 Singapore

Headquarters of Baosteel Singapore Pte Ltd.
Address: 7 TEMASEK BOULEVARD, SUNTEC TOWER ONE, #40-02/03, SINGAPORE 038987
Tel.: 0065-63336818
Fax: 0065-63336819

14 Vietnam

Vietnam Representative Office, Baosteel Singapore
Address: SAIGON RIVERSIDE OFFICE CENTER, UNIT 908 2A-4A TON DUC THANG STREET, HO CHI MINH CITY, VIETNAM
Tel.: 0084-8-9100126
Fax: 0084-8-9100124

15 Australia

Baosteel Melbourne Office
Address: SUITE 302,140 BOURKE STREET, MELBOURNE, VIC3000 AUSTRALIA
Tel.: 03-96636830
Fax: 03-96636835

Bao Australia Pty Ltd.
Address: 1F, 189 ST.GEORGE'S TERRACE, PERTH, WA 6000, AUSTRALIA
Tel.: 0061-8-94810535
Fax: 0061-8-94810536

16 South Korea

Seoul Office, Baosteel Howa
Address: 10F, HONGWOO BLDG.,522, TEHERAN-RO, DAECHI-DONG, KANGNAM-KU, SEOUL, 135-280, KOREA
Tel.: 0082-2-5080893
Fax: 0082-2-5080891

BGM Corporation

17 Japan

Headquarters of Baosteel Howa Trading Co., Ltd.
Address: HOWA BLDG.,15 BANCHI, ICHIBAN-CHO, CHIYODA-KU, TOKYO, 102-0082, JAPAN
Tel.: 0081-3-32379121
Fax: 0081-3-32379123

18 Indonesia

Indonesia Office
Address: WISMA GKBI, SUITE 3708, 37F, JI. JEND. SUDIRMAN NO, 28, JAKARTA 10210, INDONESIA
Tel.: 0062-21-57906240-1
Fax: 0062-21-57901599

19 Taiwan

Gaoxiang Office
Address: A4, 5F, NO. 6, SIWEI NO.3 ROAD, LINGYA DISTRICT, GAOXIONG CITY
Tel.: 00886-7-335-6606
Fax: 00886-7-335-6609



▶▶ The Production-Marketing-Research Operation Model

In 2015, Baosteel continued to improve the production-marketing-research business chain in production-marketing-research management, emphasized the input of the matters related to "product operation", and focused on intensifying the promotion in such aspects as "solution to all types of customers' problems," "enhancing competitiveness of products and paying attention to market shares," "growth-oriented products" and "identifying gap by benchmarking and seeking a breakthrough". Baosteel internally emphasized cultivating company's strategic products to promote the optimization of product structure and profitability enhancement; and externally, emphasized rapid response to users' needs to make customers satisfied and improve product competitiveness. Baosteel found its differences in the comprehensive competitiveness through benchmarking with domestic and foreign competitors to find the direction of advancement and endeavor to place itself in an advantageous position.

User Visit System and Its Implementation

According to the customer maintenance strategy and the development situation of the market, Baosteel developed a multi-dimensional visit plan implemented at different levels for annual direct-supply users and above and a visit and exchange plan by senior leaders, which had a good effect on promoting the exchanges and cooperation between Baosteel and its users. At the same time, in order to strengthen the track and control of the visit plan, the Corporation began to conduct real-time tracking of implementation on a monthly basis from 2015 and quarterly visited related departments to learn about how the customer visit plan went on, which timely promoted the relevant departments to carry out visits as scheduled. In 2015, the Corporation visited users for 3,344 times, with a completion rate of 109.2% compared with the plan.

Result of Customer Satisfaction Survey

The score of comprehensive assessment of domestic customer satisfaction of Baosteel in 2015 was 92.17 and the scores in four quarters all reached the target of 91 points, respectively being 92.4, 92.6, 91.9 and 91.8 points. Overseas customer satisfaction survey was conducted annually, and the score of annual evaluation was 79.9 points, exceeding the target of 78 points.

Year	Target	Annual Actual Performance	Q1 Actual Performance	Q2 Actual Performance	Q3 Actual Performance	Q4 Actual Performance
2013	91	91	90.6	90.2	91.1	91.9
2014	91	91.7	91.5	91.2	92.3	91.8
2015	91	92.2	92.4	92.6	91.9	91.8

▶▶ Customer Service Tools (Customer Representative System, Customer Service Hotline, etc.)

Customer Representative System

In order to adapt to the adjustment to company's key service objects and continuously enhance the effect of customer service, Baosteel further optimized the stationing program of customer representatives, and provided a full range of personalized services before, during and after a sale for a total of 321 users, which made the users' perception increased continuously. In the meantime, in order to further improve the working efficiency of customer representatives, the Corporation actively carried out the construction of regional team of customer representatives, fully implemented regional management of customer representatives, strengthened the collaboration between customer representatives, and met the needs of users in a faster and better manner.

▶▶ Honors Granted and Rating Given by Users

Key Honors for User Service Won by Baosteel in 2015

Awards	Awarded by
Ranking 40th among China's Top 500 Foreign Trade Enterprises	Ministry of Commerce of the People's Republic of China, Statistical Society for Foreign Economic Relations and Trade of China
Baosteel won the title of 2015 Excellent Supplier of Jiangling Motors (15 consecutive years)	Jiangling Motors
2015 Best Domestication Supporter Award of Volvo	Volvo
Baosteel was rated as the 2015 Excellent Supplier of JAC Motors	JAC Motors
2015 Excellent Supplier and Strategic Supplier of Dongfeng Liuzhou Motor Co., Ltd.	Dongfeng Liuzhou Motor Co., Ltd.
Baosteel won the title of 2015 Excellent Supplier of Electrolux	Electrolux
2015 Best Business Cooperation Partner Award of Chang'an Ford	Chang'an Ford
2015 Excellent Supplier of GAC FIAT Chrysler	GAC FIAT Chrysler
Baosteel won the title of 2015 Excellent Supplier of Dongfeng Nissan	Dongfeng Nissan
Baosteel won the title of 2015 Excellent Supplier of Haima Group (for 12 consecutive years)	Haima Group
Baosteel won the title of 2015 Excellent Supplier of Zhengzhou Nissan (for seven consecutive years)	Zhengzhou Nissan
2015 Excellent Supplier of FAW Volkswagen as the Only Steel Supplier (for six consecutive years)	FAW Volkswagen
2015 Top Ten Supplier of FAW as the Only Steel Supplier	FAW
2015 Excellent Environmental Friendly Supplier of Dongfeng Honda	Dongfeng Honda
2015 Excellent Quality Award of CPMC Holdings Limited (top three among all suppliers and the 1st among steel suppliers)	CPMC Holdings Limited
Baosteel won the title of 2015 Excellent Supplier of China National Heavy Duty Truck Group Co., Ltd.	China National Heavy Duty Truck Group Co., Ltd.
2015 Excellent Supplier of SAIC-GM-Wuling as the Only Steel Supplier	SAIC-GM-Wuling
Baosteel won the title of 2015 Excellent Supplier of Chang'an Mazda	Chang'an Mazda
2015 Best Supplier of Lingyun Industrial Corporation Limited	Lingyun Industrial Corporation Limited
Baosteel won the title of 2015 Excellent Supplier of Brilliance Auto	Brilliance Auto
Baosteel won the title of 2015 Excellent Supplier of Dongfeng Renault	Dongfeng Renault
2015 Strategic Cooperation Unit of Zhongtian Technology	Zhongtian Technology
Coca-Cola Excellent Social Responsibility Practice Award won by Chengdu Baosteel Can Making Co., Ltd.	Coca Cola

Customer Service Hotline

Since September 27, 2014, Baosteel Co., Ltd. has realized the system integration of the call center. After the integration, the call system realized a full coverage of technology, business, platform operation and other types of business. At the same time, on the basis of existing voice calls, an all-media information processing platform of Baosteel was formed by using a variety of advanced means of communication and service entrances including newly-added online website customer service and WeChat, which made the call center gradually expand from business consulting to value-added services, technology marketing and other areas.



BUILDING A "CO-CONSTRUCTION, SHARING, TRUSTWORTHY" SHARED AND SERVICE-ORIENTED ECOSYSTEM OF THE STEEL

Iron and steel industry is going sluggish in the "new normal" state of China's economy, which is experiencing unprecedented difficulty. Looking ahead, the situation of low profit or even negative profit will continue for a long time. At the same time, there is still a lot of inefficient space in the field of steel circulation. Due to the information asymmetry, the phenomena such as stockpile speculation, lack of funds, non-standard operation and inadequate supporting service are common in the steel trade industry, causing the high cost of steel trade circulation. In addition, the supply chain credit system which is seriously affected by "the steel trade credit crisis" is in an urgent need to be rebuilt.

To solve the "pain points" of the industry and lead the reform of iron and steel circulation by means of the Internet, Internet of Things and other technical means, gradually became the consensus of the industry. Ouyeel Commerce, a service platform for steel created by Baosteel via reintegrating the advantageous resources related to e-commerce, emerged as the time required. Unlike other steel e-commerce enterprises, an open third party service platform with a new ecosystem which was built and shared by multiple parties was the perception and understanding of Baosteel of "the Internet plus steel".

Since the establishment of Ouyeel, Baosteel has been aware that it is difficult to successfully build a huge steel service platform with its own force alone, and its value would be greatly reduced, so a win-win situation can only be achieved through openness and cooperation. In the critical period when the steel industry is about to embrace a profound change, Baosteel will accelerate its pace in exploring the optimization and the adjustment of industry structure and co-building a good ecology, and it sincerely hope that the whole industry will reach a consensus as soon as possible to participate in the tide of the revolution together. Ouyeel is committed to becoming a third party steel service platform really belonging to the whole industry, advocates the value concept of "co-construction, sharing, trustworthy", and pioneers a completely new mode of open equity with the greatest sincerity. Ouyeel sincerely invites the enterprises of the same industry to actively participate in the integration of the resources of the platform, build a completely new ecosphere which is efficient, orderly, trustworthy and symbiotic together, and share the great value created by the platform in the near future.

of users' minimum order quantity. In the meantime, the model combined the intermediate billet left in unmarketable situation of steel mills, and compared to the delivery period of 45 days or even longer required by traditional futures, the delivery time was shortened by 50% from the production of intermediate billet, which achieved fast delivery to customers, reduced the risk of price decline, and was unanimously welcomed by users and mills.

Through remote technical terminal, Ouyeel carried out online technical services, technical diagnosis and other technical support for an early intervention service mode. Online-offline Complementary and open technology service is the technology innovation mode with the characteristics of Baosteel which was developed by Ouyeel with the help of the Internet.

For example, Ouyeel, by taking its advantage in the field of steel materials and utilizing Internet tools, at the level of material technology, took the initiative in proposing establishment of steel technical specification of Ouyeel belonging to the third party platform. It was aimed at linking the technical specification system of the steel industry, eliminating the technical information barriers of each enterprise, promoting the convenience of trade, procurement, manufacture and service, and reducing the cost of the industry chain. This solved the technical problems in material selection and application of small and micro users, which relatively lack steel professional technologies, and solved the problem of asymmetry in technical information between steel mills and users in the process of steel circulation.

▶▶ Innovation in Organization- Co-Construction, Sharing, Trustworthy

As a third party public service platform open to the steel industry, Ouyeel is not only completely orientated towards all the steel enterprises including competitors in the trading and the products it serves, but also welcome peer groups to invest in it by participating in shares, whose operation mode is similar to the Asian Infrastructure Investment Bank (AIIB).

Ouyeel has conduct practice in the E-commerce Alliance in South Shanxi. By jointly constructing portal platform, sharing trading engine, allocating service on demand, data standardization and data resources desensitization sharing, it helps expand the business flow of all parties, provides support services for the upstream and downstream customers of coalition partners and promotes the business development of the local micro-, small- and medium-sized enterprises.

Ouyeel helped TBEA Xinjiang Sunoasis Co., Ltd. (TBEA Sunoasis) reorganize its existing procurement business process and the current status of information system, formulated a scheme for directly applying Ouyeel procurement e-commerce sharing platform to the implementation of e-commerce procurement, and rapidly put it into operation. By the end of February 2016, through Ouyeel procurement, TBEA Sunoasis totally had developed 1,985 qualified suppliers, sent 3,477 inquiries, reduced average inquiry cycle from seven days to four hours, concluded transactions of RMB 3.08 billion, and saved capital about 10% or so on average, thus greatly broadening the supply channel, shortening the procurement cycle, improving the efficiency of procurement and reducing the cost of procurement by electronic means.

Ouyeel has been actively introducing strategic investors and will realize open equity and further convert to an independent third party platform in 2016. Ouyeel actively promotes the innovation in incentive mechanisms internally, establishes equity co-investment and supporting circulation and exit mechanisms, and fosters the Internet start-up culture with strong passion.

▶▶ Business Model and Service Innovation -- Improving Efficiency and Controlling Risk

Ouyeel created a completely new business model aiming at the distinctive characteristics of steel industry chain, to solve the "pain points" of industry development, improve the circulation efficiency, reduce the circulation cost and strengthen risk control.

The e-commerce platform of Ouyeel subverted the traditional raw materials and equipment procurement and the sale model of finished steel, reduced transaction costs, shortened circulation time, and created direct value for steel mills, suppliers and end users. E-commerce platform, thanks to the transparency of its information and the simplification of operation, can effectively reduce the rent-seeking space for traditional backstage operation and corruption in procurement of raw materials of iron and steel and in the process of product trade.

For example, "green light, green printing" recognition model is used for rebuilding the credit of steel trade industry. On the one hand, for the authenticity of goods, "green light" mode is launched, the authenticity of the goods in the warehouse is constantly verified by technical means to give buyers a clear warning of risk by comparing it with the platform information, for example, green light indicates consistency between accounting books and physical inventory, and customers can buy the products safely and quickly, while red light suggests that goods may not exist, reminding users to be cautious about buying.

On the other hand, a two-way check is implemented through the quality data of a steel mill and the cloud data of the trade platform to ensure the authenticity and reliability of product quality. For the products with consistent validation of their quality information with factory information, they are marked as "green printing" on the platform; for

the products with inconsistent validation of their quality information with factory information, they are marked as "red printing", which realizes fighting against counterfeit online.

The financial service platform of Ouyeel enables steel enterprises to use innovative means of payment and provides more attractive financing services and more convenient settlement technology for its customers and suppliers through its own Internet financial system.

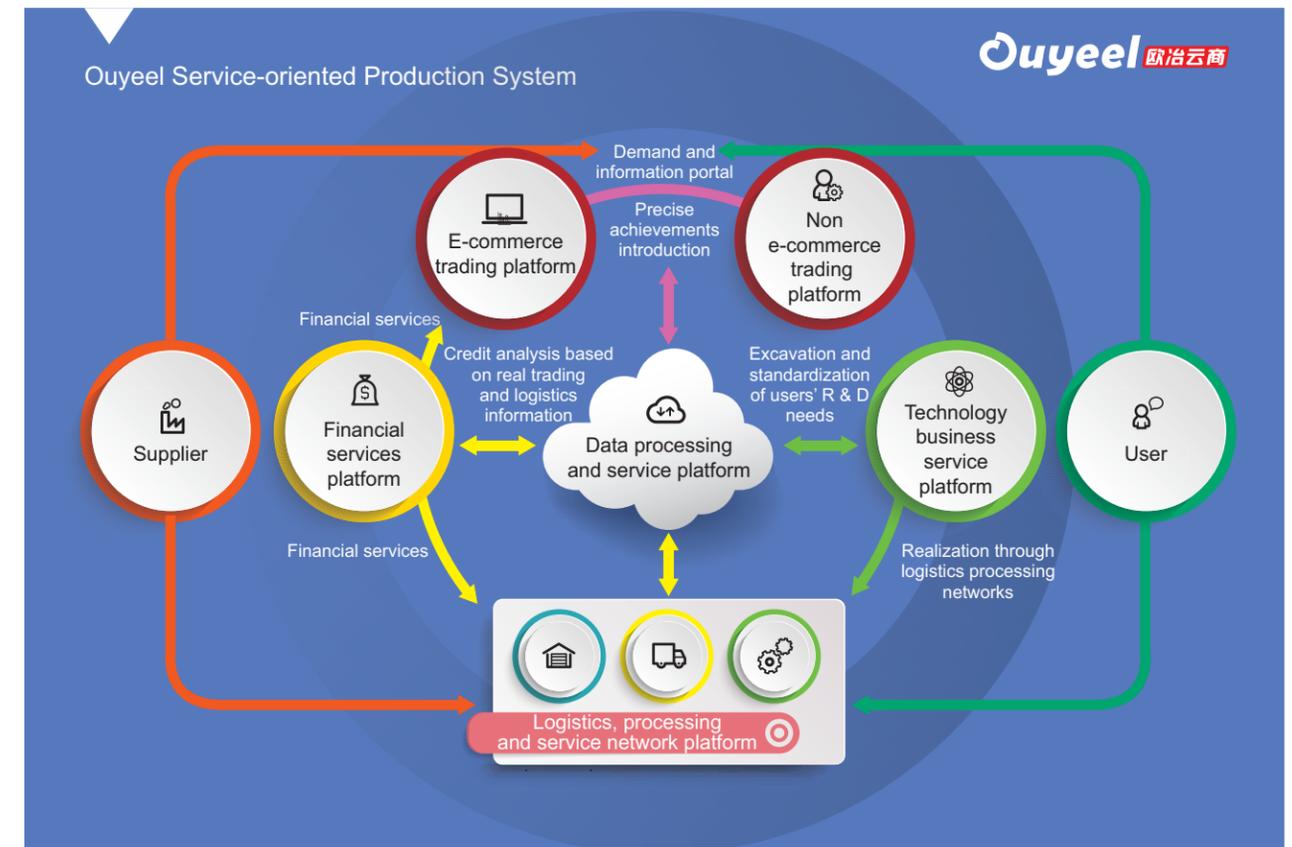
For example, the "pay + financing + wealth + pledge" service is integrated and an exclusive Internet finance service ecosystem for small and medium-sized enterprises (SMEs) is created. The payment service firstly realized 7x24 hours of B2B operation in the industry, and the Internet + whole-process fund settlement service covered the whole supply chain and enhanced the capital turnover efficiency of SMEs; Diversified supply chain financing overcame the difficulty of SMEs in financing and opened a new channel for enterprise in financing. Wealth service provided a new profit growth point for SMEs in the Internet economy; Chattel mortgage created an overall "technology defense + personal defense" solution to chattel financing so as to secure chattel financing business.

Stemming from innovating and venturing to carry out innovation made Ouyeel achieve a great success in just a year after its establishment, and win extensive concern of the industry and society and wide acclaim from experts and its partners.

▶▶ Innovation in Technology - Specialty, Cost, Efficiency

With the help of the technologies of the Internet, Baosteel promoted the transformation of steel manufacturing to intelligent manufacturing. The first is to help develop mass customization and implement flexible manufacturing; the second is to help improve the level of network-based collaborative manufacturing to construct a network-based manufacturing platform; and the third is to help speed up the transformation to servitization of manufacturing and establish digitalized service model.

For example, Ouyeel e-commerce platform used "scheduled liner ship" business to accelerate the transformation to intelligent manufacturing. In view of the contradiction between the large-scale manufacturing demands of steel mills and meeting the need of downstream small and micro users, Ouyeel e-commerce platform, using Internet technology, data processing technology and other technological innovation means, creatively launched the "scheduled liner ship" business model, by finding the combined point between the intermediate billet of the steel mill and scattered demand of users and gathering massive demands of small and micro customer, and sent "a liner ship for ordered futures" every ten days, which minimized the requirement



HIGHLIGHTS

2015

Major Awards

- The “Innovative Development and Application of the Steel Pipes for 600°C USC Thermal Power Unit” project jointly completed by Baosteel and other units won the first prize of National Science and Technology Progress Awards. This has been the third time Baosteel won this award.
- *Practical Exploration into the Joint Development of Employees and the Company* of Baosteel was awarded the first prize of 2013 Excellent Research Achievement hosted by the Special Committee for Party-building of SOEs of National Society for Party Building Studies.
- At the 114th Paris International Inventions Exhibition, Baosteel got one gold award, two silver awards and four bronze awards, thus being the enterprise winning most awards in the Chinese delegation.
- 2015 social responsibility evaluation of large SOEs was announced and Baosteel won “Most Recognized by Youth Award”.
- In the selection of 2015 National Metallurgical Science and Technology Award, three projects of Baosteel including Key Technology and Product Development of Iron-nickel-based Alloy Oil Casing won the first prize.
- Baosteel’s “Manufacturing Technology and Application of TA15 Titanium Alloy Frame Large Die Forging” won the second prize of National Defense Science and Technology Progress Award and the first prize of AVIC Science and Technology Award.

- Baosteel won 23 gold prizes, 29 silver prizes, 36 bronze prizes and the Excellent Exhibition Group Award at the 21st National Inventions Exhibition.
- Baosteel made fruitful achievements in modern enterprise management, with three achievements winning the first prize of 2015 for Innovative Achievements of Enterprise Management Modernization of China Iron and Steel Industry Association, Shanghai City and Xinjiang Uygur Autonomous Region respectively.
- Management Practice of Baosteel Co., Ltd. on Large Blast Furnace Rapid Overhaul won the first prize for Innovative Achievements of Enterprise Management Modernization of China Iron and Steel Industry Association.
- The public issuance project of RMB 4 billion convertible bonds won the Award for Best Spirit of Innovation by the authoritative financial magazine FinanceAsia.
- Baosteel CSR Report 2014 won the “Golden Bee 2015 Excellent CSR Report –Leading Enterprise” Award.
- IR Magazine, an authoritative magazine of Britain, published the evaluation result of investor relations in Greater China and Baosteel was rated as the best in materials industry.



EVENT

CHRONICLE

01
JANUARY
2015

On January 1, Zhu Xiaodan, Deputy Secretary of the CPC Committee and Governor of Guangdong Province went to the construction site of Zhanjiang Iron & Steel of Baosteel to visit the builders still working at the site during the holiday, and witnessed the grid connection and commissioning of the 1# generator set of the self-owned power plant of Zhanjiang Iron & Steel.

On January 2, operation mobilization meeting of Zhanjiang Iron & Steel was held at its construction site.

On January 9, the “Innovative Development and Application of Steel Pipes for 600°C USC Thermal Power Unit” project of Baosteel won the first prize of 2014 National Science and Technology Progress Award at the 2014 National Science and Technology Awarding Conference.

On January 12, Shanghai Jiliang Standard Reference Co., Ltd. affiliated to Shanghai Baosteel Gases Co., Ltd. passed the final review of primary standard material substance and four categories of products including hexafluoroethane in helium were rated as primary standard reference substances.

On January 21, Baosteel Resources (International) Co., Ltd. successfully issued \$ 500 million of Asian dollar bonds, with a five-year term and a real interest rate of 3.989%.

On January 22, Baosteel held the 2015 Party Style Construction and Anti-Corruption and Advocacy of Integrity Conference, which required to earnestly implement the spirit of the Third Plenary Session and the Fourth Plenary Session of the 18th Central Committee of the CPC, the Fifth Plenary Session of the 18th Central Commission for

Discipline Inspection, the Anti-corruption and Advocacy of Integrity Working Conference of CSOEs and the fourth session of the Tenth CPC Shanghai Municipal Commission for Discipline Inspection to take serious measures for responsibility implementation and orderly propel the anti-corruption work. Besides, it was required at the meeting to earnestly implement the requirements of the Central Committee of the CPC based on the reality of Baosteel, bear the mission in mind with firm beliefs and strong wills, and further propel all the work, to provide a strong guarantee for Baosteel’s second undertaking, transformation & upgrading and scientific development with the new achievements in the construction of the Party style and anti-corruption and advocacy of integrity.

In January, the GB/T 28905-2012 National Standard for Low Yield Strength Steel Plates for Construction developed under the organization of Baosteel Co., Ltd. won the first prize of 2014 Shanghai Standardization Excellent Achievement Award.

In the same month, Hwabao Securities was officially approved as one of the first 39 brokerages of stock options brokerage pilot of the Shanghai Stock Exchange.

02
FEBRUARY
2015

On February 3, Baosteel’s first roll of QP1180GA steel rolled off the production line successfully, realizing its world debut. QP1180GA steel reached the ultra-high strength of 1,200MPa, with high elongation of over 15%, and realized zinc layer alloying of high-strength steel with the strength above 980MPa for the first time. QP1180GA steel has better welding property, coating property, heat resistance and corrosion resistance, which met the needs of various car users for materials and also provided powerful support for the lightweight development of automotive industry and the energy saving and emission reduction during the whole vehicle life cycle.

On February 4, Ouyeel Commerce Co., Ltd. was established with a registered capital of RMB 2 billion, of which 51% shares were held by Baosteel Co., Ltd. and the rest 49% by Baosteel.

On February 10, Baosteel held the Persons of the Year 2014 Awarding Ceremony.

On February 25, Xu Kuangdi, former CPPCC Vice Chairman and honorary chairman of the presidium of Chinese Academy of Engineering, went to observe Zhanjiang Iron & Steel base.

On February 26, Wang Rong, chairman of the Guangdong Provincial Committee of CPPCC, went to Zhanjiang Iron & Steel base for a survey.

03
MARCH
2015

On March 3, the three projects of Zhanjiang Iron & Steel including iron-containing solid waste disposal center, environment-friendly engineering for comprehensive utilization of slag tailings, valueless sludge disposal and packaging material production and service were commenced at the same time.

On March 10, over 60 people of the MBA program of Murphy Commerce College of University College Dublin visited Baosteel to make communications on the evolvement and the strategic development of Baosteel and other matters.

04
APRIL
2015

On April 16, Baosteel held the Warning and Education Meeting on the Construction of The Party Style and Integrity.

On April 20, the fourth Board of Directors of Baosteel was established.

On April 20, the port of Zhanjiang Iron & Steel was opened and put into operation.

On April 24, the sixth Baosteel Youth Cultural Festival raised the curtain.

05
MAY
2015

On May 7, Ouyeel held launching ceremony for Ouyeel Finance Platform.

On May 10, the official website of Ouyeel was launched.

On May 17, the overhaul and renovation project of the 1# coke oven of Baosteel Co., Ltd. was completed.

On May 18, at the opening ceremony of Shanghai Worker Innovation Conference and the sixth Shanghai Worker Science and Technology Festival, Song Jun of the Silicon Steel Department of Baosteel Co., Ltd. and Lu Jianghai of Baosteel Stainless Steel won the title of the Tenth Shanghai Top Ten Worker Inventors.

06
JUNE
2015

On June 1, Baosteel Co., Ltd. logged in to Shanghai Carbon Emission Quota Registration System of, submitted full quota and completed the settlement and submission of the carbon quota in 2014.

On June 16, Baosteel held an investigation and exchange activity on "following the energy saving and environmental protection road and creating a green Baosteel." Baosteel has always integrated the "environmental management" concept into all the aspects of corporate operation, includ-

In March, Baosteel 127mm × 9.19mm S-class super-high toughness NC52 drill stem successfully drilled 8,038 meters deep at Well Keshen-902 at Xinjiang Tarim oilfield, breaking the record of the deepest well of 8,023 meters created by Baosteel drill stem at well Keshen-7 at Xinjiang Tarim oilfield in 2011 and marking another milestone for China-made drill stems.

On April 30, Baosteel celebrated "May Day." Six employees of Baosteel including Zhou Hui, Yu Zuda, ABLIZ Mamtimin, Xue Zili, Chu Bin and Kang Ming, won the title of National Model Worker of the new term, and 29 outstanding employees and 11 outstanding groups won the titles of Provincial Model Worker and Model Group of the new term.

In April, "Galvanized Steel Plates with Excellent Alkali Resistance and Solvent Resistance" led by the chief engineer of the Marketing Center of Baosteel Co., Ltd. Ni Furong in the R & D, won the Excellence Award of the 16th China Patent Awards.

In May, 21 units including the Hot Rolling Mill of Baosteel Co., Ltd. won the title of the 17th Shanghai Model Unit.

On the same month at the 114th Paris International Inventions Exhibition, the nine items sent by Baosteel for exhibition got one gold award, two silver awards and four bronze awards.

ing from the purchase of raw materials to the design, production, marketing and consumption of products and waste recycling, and stuck to minimum emission and consumption, to realize green manufacturing, develop green products and green industry. With people's increasing requirements for environmental protection, Baosteel increased its investment in environmental protection, innovated energy-saving management and promoted the application of new technology, maximized energy saving, reduction

in energy consumption and emission reduction, achieved cleaner production and improved the regional environment; the Corporation gave full play to the three major functions of steel enterprise, i.e., "steel products manufacturing, efficient energy conversion and the consumption and use of wastes", linked with regional environmental resources, helped the transformation and development of "integration of production and urban development, resources sharing", and played the role of a steel enterprise in the development of urban ecological civilization.

In June, the third generation steel for automobiles of Baosteel - medium manganese steel, realized the world debut of material and parts. The application prospect of the material includes many car body structural parts including automotive A pillar, B pillar, anti-collision beam and threshold reinforcement parts.

On July 10, Baosteel Group Corporation signed a strategic cooperation agreement with Shenergy Group Company Limited. Both parties would further strengthen cooperation in business, technology and information for the purpose of "based in Shanghai, serving the surrounding area and jointly creating a secure, efficient green energy supply chain," and work together to create a new situation of common development and win-win cooperation.

On July 22, Fortune released its ranking list of "Global 500". With sales revenue of USD 48.3234 billion and net profit of USD 952.9 million, Baosteel ranked 218th, which had been included in the list for 12 consecutive years.

On July 24, the first home-made ultra-high-strength steel single-stand reversible mill successfully carried out hot run test.

On July 31, seven units including the Hot Rolling Mill of Baosteel Co., Ltd. and 13 employees including Lao Zhaoli of Baosteel Co., Ltd. respectively won the honorary title of Excellent Unit and Excellent Worker of the Tenth Shanghai Equipment Management Evaluation.

On August 3, Baosteel released its CSR Report 2014.

On August 22, Baosteel ranked the 35th of "China's Top 500 Enterprises" and continued to rank top among Chinese iron and steel enterprises.

On August 24, Baosteel - SGMW Million-Class Platform Joint Workroom signed contract. Baosteel Central Research Institute and SGMW Technology Center signed an agreement respectively on behalf of each party to jointly build a platform joint workroom for a million cars.

In the same month, the "CIMC - Baosteel" Joint Laboratory for material application - Marine Engineering Laboratory was inaugurated recently. As a domestic leading enterprise in their respective field, the two sides would focus on new material development and application research including the substitution of home-made marine steel products imported products and early intervention of EVI, provision of overall solutions.

In the same month, Baosteel was rated as A level in the performance evaluation of the responsible persons of CSOEs in 2014.

In July, the Key Technology and Product Development of Iron-nickel-based Alloy Oil Casing project jointly developed by Baosteel Co., Ltd., Baosteel Special Steel, China University of Petroleum and Zhongyuan Branch of China Petrochemical Corporation, the "Development and Application of Customer-driven Whole-process Collaborative Manufacturing System of Metallurgical Enterprises" project jointly developed by Baosteel Co., Ltd. and Baosight Software, and the "Development and Application of Pickling Continuous-Rolling Technology of High-grade Non-oriented Silicon Steel" developed by Baosteel Co., Ltd. won the first prize of 2015 National Metallurgical Science and Technology Award. The "Hot-rolled Rough Rolled Steel Shape Control and Quality Improvement Technology" project developed by Zhang Renqi of the Hot Rolling Mill of Baosteel Co., Ltd. won the second prize of 2015 National Metallurgical Science and Technology Award for workers.

In August, Baosteel Stainless steel successfully developed high chromium high molybdenum super ferrite stainless steel B446 products, making it the first domestic manufacturer producing super ferrite stainless steel.

In the same month, the "Manufacturing Technology and Application of TA15 Titanium Alloy Frame Large Die Forging" project of Baosteel Special Steel won the second prize of National Defense Science and Technology Progress Award.

06
JUNE
201507
JULY
201508
AUGUST
2015

09
SEPTEMBER
2015

On September 15, 4# hot galvanizing production line of Baosteel-Nippon Steel Auto Sheet Co., Ltd. was completed and put into operation.

On the same day at the 27th Shanghai Excellent Invention Qualification Trial, the employees of Baosteel won a total of 56 excellent invention awards, including eight gold awards, 15 silver awards and 33 bronze awards. In addition, they also won 69 Workers Technology Innovation Award, including two gold awards, eight silver awards, 24 bronze awards and 35 finalist awards.

On September 25, No. 1 Blast Furnace of Zhanjiang Iron & Steel was ignited.

On the same day, Hu Chunhua, Secretary of the CPC Guangdong Provincial Committee and Governor Zhu Xiaodan investigated Baosteel Zhanjiang Iron & Steel Base, listening to the work report of the participating units and learning about the situations of project construction, and visited the representatives of participating staff.

On September 28, Zhanjiang Iron & Steel Steelworks carried out hot run test successfully.

and innovation with gathered functions, a novel shape and harmonious ecology at Shanghai No. 2 Steel Co., Ltd. of Baosteel.

On November 12, Ultralight white car body BCB (Baosteel Car Body) independently developed by Baosteel was showed on the third session of Baosteel Automotive Sheet EVI forum. The car body had a use ration of high strength steel of 78% and its safety, comfort and lightweight reached the international advanced level. This had been the first release of complete car body product by a domestic steel enterprise.

On November 15, Baosteel Education Award 2015 Annual Awarding Ceremony was held at the Talent Development Institute. Upon evaluation, 25 students including Tang Jing received Grand Prize of 2015 Baosteel Excellent Student Award, 374 students including Ge Xuezheng won 2015 Baosteel Excellent Student Award, and 80 students including Liang Mincong won 2015 Baosteel Excellent Student Award (for the regions of Hong Kong, Macao and Taiwan of China). Six teachers including Li Shengbin were awarded Grand Prize of 2015 Baosteel Excellent Teacher Award, 249 teachers including Li Dan received 2015 Baosteel Excellent Teacher Award, and 12 teachers including Yang Bin obtained the Nomination Award of Grand Prize of 2015 Baosteel Excellent Teacher Award.

On December 3, at the Eighth International Symposium of Social Responsibility Reports of Chinese Enterprises, Baosteel Social Responsibility Report 2014 was awarded the Leading Enterprise CSR Award.

On December 11, Baosteel Co., Ltd. held the application promotion meeting of the new material of composite boards. The composite board was a new material with multiple layer functionality and robust substrate combination performance.

On December 15, hot run test of 2250 hot rolling project of Zhanjiang Iron & Steel was successfully conducted.

On December 17, the world's first coke oven flue gas desulfurization and denitration device was put into use in the iron works of Zhanjiang Iron & Steel.

On December 21, at the Publicity Meeting for Learning from "Fifth National Moral Model" of CSOEs, Wang Jun of Baosteel Co., Ltd. and Lu Weidong, a retired worker of Pudong Steel, were awarded the honorary title of "Moral Model of CSOEs".

In December, at the evaluation of the investor relations in the Great China hosted by IRMagazine, a British magazine, Baosteel Co., Ltd. won the Best Investor Relations Award in the material industry and a certificate of excellence investor relations.

On October 30, the hot commissioning of China's first independently integrated edge scarfer of continuously cast billet was successfully carried out at Zhanjiang Iron & Steel, filling a gap in the field of metallurgical technology in china.

In October, 1700MS steel (martensitic steel, with tensile strength of 1700MPa) was successfully put into trial production at Baosteel. 1700MS Steel is a variety of high-strength steel for the automobile of the highest tensile strength in the world, mainly used for the manufacturing of bumpers, side impact beams and other parts. It can greatly improve the anti-collision performance and reduce weight when used for the front and rear bumpers.

In the same month, on the 21st National Inventions Exhibition, Baosteel won 23 gold prizes, 29 silver prizes, 36 bronze prizes and Excellent Exhibition Group Award.

On October 15, A100 belt system of Zhanjiang Iron & Steel Integrated Terminal and the raw material system of iron-works realized linkage debugging and resumed production run. After suffering the attack of powerful typhoon "rainbow", Zhanjiang Iron & Steel successfully fixed and got through the life channel of materials into the plant with eight days and nights of emergency repair of the raw material transportation system, thus solving the "urgent needs" for raw materials and fuel input.

On October 19, 4# heating furnace of the Hot-rolling Mill of Zhanjiang Iron & Steel was baked.

On October 21, the Tenth Session China Iron & Steel Annual Meeting and the Sixth Baosteel Biennial Academic Conference was held in Shanghai. This annual meeting was a gathering of advanced technologies in the global steel industry and an exhibition of high-end products and equipment, exploration of the technology of the steel industry and innovative management ideas and the road of green and sustainable development, which injected China's steel industry in the "depth of winter" with new impetus for development.

On October 22, Baosteel's thin-strip continuous casting technology made its debut at the sixth Baosteel Biennial Academic Conference. Thin-strip continuous casting technology is the most typical high efficient, energy-saving and environmental short-process technology in the steel industry, and also the most challenging technology in the steel industry.

On November 2, the special material developed by Baosteel Special Steel was successfully applied to the landing gear system of C919 large passenger aircraft which was independently developed by China.

On November 6, Baosteel and Yangpu District signed a strategic cooperation framework agreement for jointly building an important carrier of science innovation center and "Shanghai Internet + Industrial Park", to create an "Internet Plus" demonstration industrial park for entrepreneurship

10
OCTOBER
201511
NOVEMBER
201511
NOVEMBER
201512
DECEMBER
2015

On November 25, Baosteel successfully issued \$500 million of exchangeable bonds in Hong Kong. The overseas exchangeable bonds were dollar denominated bonds of zero coupon and zero maturity yields, with a term of three years and a conversion premium rate of 38.5%, and the corresponding conversion price was HK \$7.5898 per CCB H share.

On November 30, hot run test of newly-built hot-galvanizing production line of 2030 unit of the Cold Rolling Mill of Baosteel Co., Ltd. was carried out successfully. The once painted substrate production unit was now successfully upgraded to "version 2.0," which was China's first special production line for thick-bed hot galvanizing, high-strength steel and advanced coating.

In November, Baosteel and the University of Birmingham signed a cooperation agreement, formally established the R & D Center of University of Birmingham". The R & D Center would be committed to developing the basic and application technology consistent with the development strategy of Baosteel.

In the same month, Hwabao Investment successfully issued RMB 4 billion of three-year general corporate bonds, whose coupon rate was 3.55%.

In the same month, Baosteel commended the 30 achievements winning the 2015 Baosteel Major Technology Innovation Achievement Award, of which, the "Integrated R & D of Product, Process and Equipment of Thin-strip Continuous Casting and Rolling" achievement won grand prize, "Development and Industrialization of Nuclear 690 Alloy U-tube of Large-scale Advanced Pressured Water Reactor Nuclear Steam Generator" and "Development and Application of the New Technology of High-silicon High Magnetic Induction Oriented Silicon Steel Product Serialization" won the first prize, four achievements including "Development and Application of Independent Integration of Comprehensive Transformation of 5# Continuous Caster of No. 2 Steelmaking Plant" won the second prize and 23 achievements including "Development and Production of Hot-Rolled Plate Coil of High Corrosion-resisting and Weathering Steel and Supporting Welding Materials" won the third prize.

GRI Indicators

Indicator Description of the Report	Page
1.1 Description of the Sustainability and Strategy of the Organization by Senior Decision Makers of the Corporation	1
1.2 Major Influence, Risk and Opportunity	1
2.1 Organization Names	5
2.2 Major Brands, Products or Services	5
2.3 Organization Structure, Including Major Departments, Operating Companies, Subsidiaries and Joint Ventures	11
2.4 Location of Headquarters	Back Cover
2.5 Countries Involved in Major Business Operation	5
2.6 Corporate Type and Legal Form	5
2.7 Served Market	5
2.8 Corporation Scale	5
2.9 Changes of Scale, Structure and Ownership during Report Period	-
2.10 Awards Won during Report Period	78
3.1 Information during Report Period	Inside Front Cover
3.2 The Latest Report Information	Inside Front Cover
3.3 Report Cycle	Inside Front Cover
3.4 Contact Information Regarding the Report and Related Contents and Problems	Inside Front Cover
3.5 Definition Process of Report Content	13
3.6 Report Circumscription	Inside Front Cover
3.7 Particular Definition of Report Circumscription	Inside Front Cover
3.8 Joint Venture, Subsidiary, Leased Facility, Outsourced Operation and Other Report Basis That Influence Comparability	-
3.9 Date Measurement Technique and Calculation Basis, Including Hypothesis and Skillful Estimates Applied to the Complex Indicators and Other Information in the Report	-
3.10 Reason for Mentioning Information in this Report Which Has Been Mentioned in Previous Reports	-
3.11 The Application in This Report of the Major Changes of Scope, Boundary and Measurement Method in Previous Reports	-
3.12 GRI Content Index	91
3.13 External Safeguarding Policy and Behavior of the Report	13
4.1 Organization Management Structure, Including Subordinate Commissions of Top Administration in Charge of Special Missions	19
4.2 Whether the President of Top Administration Is Executive Officer	19
4.3 Number of Independent or Non-Administrative Members in the Top Administration System	9
4.4 Mechanisms for Organization Owner and Employees to Make Suggestions to Top Administration	55
4.5 Association of the Compensation to Members of Top Administration System, and Senior Managers and Administrative Staff with Organization Performance	53
4.6 Process for Avoiding Interest Conflict Adopted by Top Administration	19
4.7 Process of Determining the Qualification and Professional Experience of the Members of the Top Administration System	19
4.8 Procedures of Monitoring Organizational Identity and Management of Economy, the Environment and Social Performance in the Top Administration System, Including Related Risks and Opportunities and Restating or Abiding by Internationally Acknowledged Standards, Code of Practice and Principles.	19
4.9 Management of Economy, the Environment and Social Performance in the Top Administration System, Including Related Risks and Opportunities and Restating or Abiding by Internationally Acknowledged Standards, Code of Practice and Principles.	20
4.10 Performance Appraisal of the Top Administration System, Especially the Process Involving Economic, the Environmental and Social Performance	19
4.11 Adopted Preventive Measures	26
4.12 External Contracts, Rules and Other Actions on Economy, the Environment and Society that the Corporation Signed or Subscribed	-
4.13 List of Associations or Organizations the Corporation Joined	-
4.14 List of the Stakeholders That Participate in the Operation of the Corporation	15-18
4.15 Bases and Process of Defining and Selecting Stakeholders	15-18
4.16 Ways of Stakeholders' Participation	15-18
4.17 Issues and Concerns Raised by Stakeholders and How They Are Responded	18

Indicator Description of the Report	Page
EC1	25
EC2	38
EC3	53
EC4	-
EC5	53
EC6	67-69
EC7	49
EC8	62-65
EC9	27-28
EN1/ EN2	-
EN3-EN7	38-39
EN8-EN10	38-39
EN11-EN15	-
EN16-EN25	38-39
EN26/EN27	40-48
EN28	48
EN29	67-68
General Information on EN30	39
LA1	49
LA2	49
LA3	53
LA4	55-60
LA5	55-60
LA6	54
LA7	54
LA8	54
LA9	55-56
LA10	55-56
LA11	50-52
LA12	49
LA13	49
LA14	53
SO1	62-65
SO2	22-24
SO3	22-24
SO4	22-24
SO5	-
SO6	-
SO7	-
SO8	-
PR1	40-46
PR2	75
PR3	40
PR4	75-76
PR5	75-76
PR6/ PR7	75-76
PR8	75-76
PR9	75-76

Survey of the Concerns of Stakeholders

Thank you for reading this *Baosteel CSR Report 2015*. Baosteel greatly values your comments and suggestions so that we are able to make improvements accordingly. Please feel free to scan the following QR codes and log on to our official website to fill out the *Survey Form for Stakeholders' Issues of Concern*.





Official WeChat of Baosteel



Official Microblog of Baosteel

Baosteel Group Corporation
Baosteel Tower, No.370 Pudian Road, Pudong New Area, Shanghai, China
Tel.: +0086 21 20658888
Fax: +0086 21 20658899
Website: www.baosteel.com



This report is printed in environmental-friendly paper and with waterless printing ink.

