

Create Value For

Shareholders, Customers, Employees And The Society

ANSTEEL GROUP CORPORATION
Sustainability Report **2010**











About the Report

Content

In May 2010, Ansteel Group Corporation was established after the consolidation and reorganization of Anshan Iron and Steel Group Corporation, and PanGang Group Company Ltd. Anshan Iron and Steel Group Corporation, and PanGang Group Company Ltd. are wholly-owned subsidiaries of Ansteel Group Corporation. As the first sustainability report released after the establishment of Ansteel Group Corporation, this report focuses on Ansteel Group Corporation, covering Anshan Iron and Steel Group Corporation, and PanGang Group Company Ltd. as well as their affiliated entities.

This report, an annual one, discloses the major information on

Ansteel Group Corporation in 2010, i.e. corporate social responsibility fulfillment and sustainable development achievement, with the data available as of December 31, 2010. With a view to familiarizing stake holders with the progress in sustainable development of Ansteel Group Corporation, indexes in this report contain information from the past.

Anshan Iron and Steel Group Corporation has published its sustainability reports for consecutive years from 2007 to 2009. On the basis of the feedback from professional organizations and stake holders, this report enhances its communication with them in response to their concerns.

\ Principles

In accordance with the *Guidelines to the State-owned Enterprises*Directly under the Central Government on Fulfilling Corporate

Social Responsibilities issued by the State-owned Assets

Supervision and Administration Commission of the State Council

(SASAC) and with the reference of the Global Reporting Initiatives

(GRI) Sustainability Reporting Guidelines, CASS-CSR2.0, and the relevant guidelines of organizations and industries, this report incorporates the ISO26000 standard, improving the management system for corporate social responsibility and sustainable development.

Quality Assurance

The financial data in the report, which conform to the requirements of the *Enterprise Accounting Standards and the Accounting System of Industrial Enterprises*, is audited in accordance with the Chinese Auditing Standards, reflecting the financial status and business achievements of Ansteel Group Corporation. The financial data in

this report is presented in RMB (CNY), unless otherwise specified. In addition to a corporate internal audit, experts from the main stakeholders as well as institutions were invited to offer professional suggestions to this report so as to ensure its authenticity, accuracy and completeness.

Access to the Report

This report will be published in print and electronic form, available online at the website of Ansteel Group Corporation (http://www.ansteelgroup.com).

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General Manager's Message

In 2010, in line with the scientific approach to development and in its corporate spirit of "Innovation, Integrity, Endeavor and Dedication", Ansteel Group Corporation was committed to building China into an iron & steel power, creating values for shareholders, customers, employees and the society, enhancing its capability for social responsibility fulfillment and achieving leapfrog development. The reorganization of Anshan Iron and Steel Group Corporation, and PanGang Group Company Ltd., the first of its kind implemented by central enterprises through market approaches, plays a guiding role in the structural optimization, adjustment and

upgrading of the national iron & steel industry, which is of tremendous significance to promoting the international competitiveness of the Chinese iron & steel industry as well as to building an iron & steel power. The reorganization will give full play to the advantages of both parties in resources, technologies, products and marketing, thus enhancing their international competitiveness. The reorganized Ansteel Group Corporation has achieved an output of over 30 million tons both in iron and steel and business revenues of RMB 151.57 billion.

In 2010, Ansteel Group Corporation witnessed a great

enhancement of its overall competitiveness and a constant improvement of its ability to perform corporate social responsibilities. After the reorganization, Ansteel Group Corporation established an industrial distribution covering Northeast China, Southwest China, North China and Southeast China, with the most complete layout and the greatest resources advantages in China. Historical breakthroughs were made in its international operation. It signed an agreement with Steel Development Company, USA, becoming the first Chinese steel enterprise to build factories in the United States; Ansteel Vigano Srl, the first overseas service center, started operation. Overseas marketing has started to turn materialized, specialized and systemized. The international profile and competitiveness of Ansteel Group Corporation have been enhanced. Further achievements have been made in independent innovation: Second-Class Award for the State Scientific and Technological Progress Award (1); provincial and industrial Science & Technology Progress Awards (29); the 10th China Quality Award.

In 2010, Ansteel Group Corporation was engaged in activities to promote low carbon development so as to produce a positive social and environmental effect. During the Eleventh Five-Year Plan period, Ansteel Group Corporation saved 3.19 million tons of standard coal in total, exceeding the target of energy conservation for 1,000 enterprises. Such priority projects as power generation by waste heat from sintering machines have been implemented. Anshan Iron and Steel Group Corporation has been listed by the Ministry of Industry and Information Technology as one of the first demonstration enterprises to promote energy conservation and emission reduction through fusion of

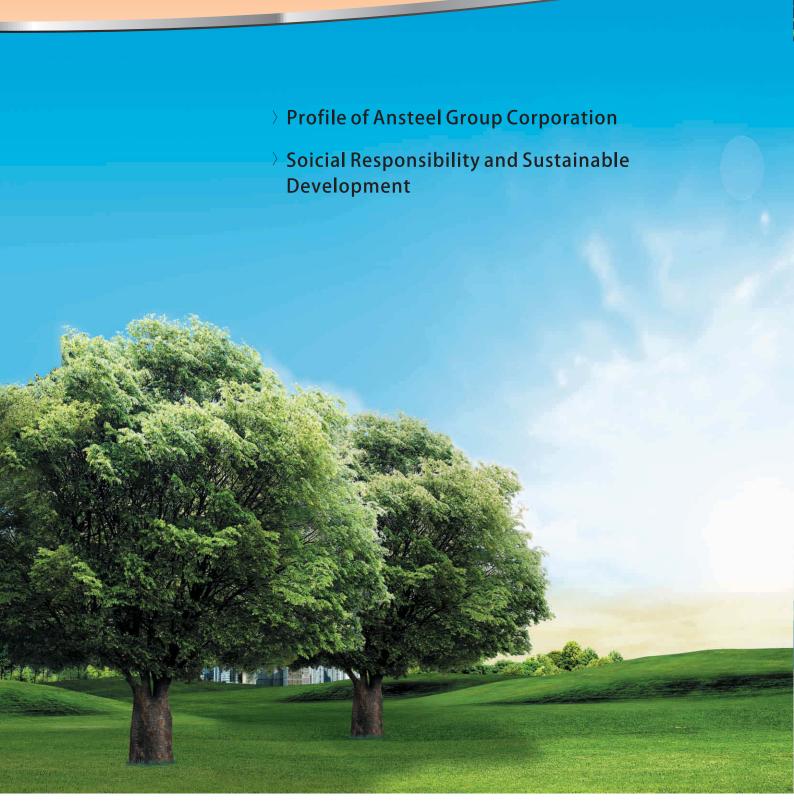
industrialization and IT application, becoming a pioneer in low carbon economy.

In 2010, Ansteel Group Corporation made unprecedented breakthroughs in ethical and cultural progress. The deeds of Guo Mingyi, of whom many central leaders like General Secretary Hu Jintao spoke highly, became a shining model for the Chinese people. His spirit, an epitome of the corporate spirit and core values of Anshan Iron and Steel Group Corporation, added a new dimension to corporate spirit and culture, displaying the Group's unremitting efforts to shoulder its social responsibility and create a harmonious society.

In 2011, the first year of the Twelfth Five-Year Plan period, Ansteel Group Corporation will shoulder its important task of leading the Chinese iron & steel industry. It will redouble its efforts to realize its strategic target of "by 2015, Ansteel Group Corporation will have made its way to the rank of world top 5 steel producers by annual output, thus becoming a super large-sized transnational group that will be able to set the trend for the world steel industry development, with a powerful principal business of iron and steel, a world-leading vanadium industry, the largest titanium industry in China, diversified industrial structure and enhanced international competitiveness". Therefore, with the scientific approach to development as its guiding principle, Ansteel Group Corporation will make efforts to live up to its mission and responsibilities to accelerate the transformation of its development approach so as to set a good example in performing social responsibilities, making more contributions to creating a harmonious

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Overview





Anshan Iron & Steel Base of Ansteel Group Corporation

Profile of Ansteel Group Corporation

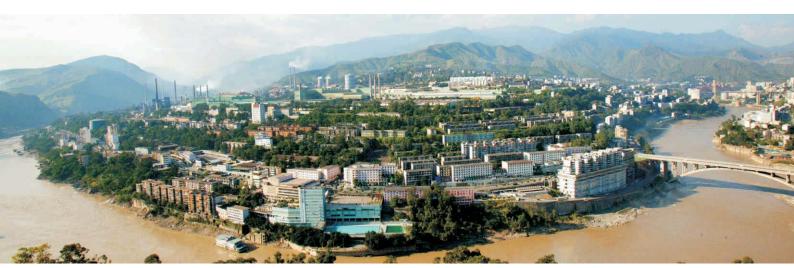
Ansteel Group Corporation was established after the consolidation and reorganization of Anshan Iron and Steel Group Corporation, and PanGang Group Company Ltd. in May, 2010. Hailed as the "cradle and the oldest son of the Chinese steel industry". Anshan Iron and Steel Group Corporation was the first large-sized iron & steel complex restored and built in New China and the earliest steel production base; presently, PanGang Group Company Ltd. is the largest vanadium producer in China and the second largest one in the world, and the biggest production base for titanium raw materials and a major one for titanium dioxide, rail steel, seamless pipes and special steel. Ansteel Group Corporation has now evolved into a cross-regional and multibase international iron & steel enterprise with the greatest resource advantage. Ansteel Group Corporation owns three major bases, Anshan Iron & Steel Base, Bayuguan Iron & Steel Base, and Chaoyang Iron & Steel Base, in Northeast China; Panzhihua, Chengdu, Jiangyou, Xichang and Chongqing production bases in Southwest China; established a cold-rolled production joint venture with Tiantie Metallurgy Group Co., Ltd. in Tianjing in North China; Anshan Iron and Steel Group Corporation Cold-rolled Steel Sheet (Putian) Project has started operation in Southeast China. Ansteel Group Corporation boasts a complete series of steel products, hot-rolled and cold-rolled sheets, galvanized sheets, color coated sheets, cold-rolled silicon steel, heavy rails, seamless pipes, wire rods and wire ropes as well as the largest titanium industry in China and a developed vanadium

industry in the world.

Ansteel Group Corporation holds two wholly-funded subsidiaries, namely Anshan Iron and Steel Group Corporation, and PanGang Group Company Ltd. Anshan Iron and Steel Group Corporation now has 17 wholly-owned subsidiaries, 3 holding subsidiaries and 21 directly affiliated entities; PanGang Group Company Ltd. has 3 wholly-owned subsidiaries, 4 holding subsidiaries, 5 directly affiliated entities, and 2 branches. Ansteel Group Corporation has a total of 234,000 registered employees (205,000 on-the-job).

In 2010, Ansteel Group Corporation produced 30.73 million tons of pig iron, 30.22 million tons of raw steel and 28.77 million tons of rolled steel as well as 25,700 tons of high-vanadium iron and 62,600 tons of titanium dioxide, earning business revenues of RMB 151.57 billion and total profits of RMB 5 billion.

With its focus on top-notch iron & steel enterprises, Ansteel Group Corporation has set a target for its "take-off" in the near future: by 2015, Ansteel Group Corporation will have made its way to the rank of world top 5 steel producers by annual output, thus becoming a super large-sized transnational group that will be able to set the trend for the world steel industry development, with a powerful principal business of iron and steel, a world-leading vanadium industry, the largest titanium industry in China, diversified industrial structure and enhanced international competitiveness.



Panzhihua Plant Area of Ansteel Group Corporation

Soicial Responsibility and Sustainable Development



Establishing a Management System and a Performance Indicator System for Corporate Social Responsibility and Sustainable Development

Ansteel Group Corporation keeps improving its organizational system and management functions as well as its monitoring and evaluation mechanism for corporate social responsibility and sustainable development by incorporating the social responsibility into the corporate development strategy and the strategic performance evaluation.

In accordance with the *Guideline on Fulfilling Social Responsibility by Central Enterprises* issued by the SASAC, the *Global Reporting Initiative (GRI) Sustainability Reporting Guidelines*, the *ISO26000* unveiled by the International Organization for Standardization (ISO), *CASS-CSR2.0* and other relevant industrial guidelines, Ansteel Group Corporation has established a management system for corporate social responsibility and sustainable development and a performance indicator system covering strategy management, business performance, technological innovation, resources and environment, employee protection and social development as a yardstick and criteria for its execution, monitoring, improvement and evaluation of the corporate social responsibility and sustainable development.

Management Objectives for Social Responsibility and Sustainable Development





Establishing an Evaluation System for Corporate Social Responsibility and Sustainable Development

Ansteel Group Corporation has implemented its strategic performance management system by creating a closed-loop management process incorporating strategy—budget—examination—remuneration and classifying the strategic performance indicators according to their characteristics and levels. In addition, a strategic performance evaluation committee has been formed, the management process for the indicator assessment and evaluation optimized, a routine reporting meeting system for strategic performance

restablished, and management mechanisms for strategic performance indicators created. In order to ensure the quality of the sustainability report, an internal evaluation institution for social responsibility and sustainable development has been improved to examine whether the relevant indicators have been fulfilled and whether the information concerned is accurate, complete, true and up-to-date. And the competent authority and renowned organizations are invited to make a rating for the report.



Sustainability Report Release System

Anshan Iron and Steel Group Corporation has released its sustainability report for three years in a row. Its report release system features clearly defined management duties, an

optimized management process, an improved working system, a sound organizational system, strict monitoring and evaluation, and detailed and complete information.



Management Performance

In 2010, Ansteel Group Corporation won the "2009 Golden Bee Award for Leading Enterprises", the top prize in the selection of 2009 Golden Bee CSR China Honor Roll; at the same time, its Anshan Iron and Steel Group Corporation's Approach to Management for the Circular Economy Demonstration Park in Bayuquan was compiled into the Sample Cases of 2009 Golden Bee Responsibility Competitiveness. 2009 Anshan Iron and Steel Group Corporation Sustainability Report captured the Golden Bee 2010 Excellent CSR Report for Leading Enterprise. Besides,

Ansteel Group Corporation rose from 18th in 2009 to 11th in the ranking of indicators for corporate social responsibility development among top 100 enterprises in China indicated in the *Research Report on Corporate Social Responsibility of China* published by CASS. *Ansteel Group Corporation Sustainability Report 2010* was rated as an excellent social responsibility report by Corporate Social Responsibility Research Center of Chinese Academy of Social Sciences (CASS).







Working Plan for Corporate Social Responsibility and Sustainable Development

Establishing and improving its working system for corporate social responsibility and sustainable development;

In line with its new mode for control and management, Ansteel Group Corporation has established and improved its organizational system for corporate social responsibility and sustainable development. In accordance with relevant regulations and standards, Ansteel Group Corporation has improved and implemented the indicator system for corporate social responsibility and sustainable development that centers on low-carbon economy, energy conservation and emission reduction, scientific and technological innovation, non-profit programs, and punishment and prevention system.

Establishing and improving its institutional system for corporate social responsibility;

In line with its new operations rules that integrate the institutional systems for corporate social responsibility of Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd., Ansteel Group Corporation has established a mechanism to coordinate with national and industrial organizations and a rapid response mechanism for corporate

social responsibility to participate in major national projects to facilitate their implementation.

Establishing an IT-based management process system for corporate social responsibility;

In line with its corporate management system, Ansteel Group Corporation has established departmental sub-systems, creating a standardized management process of data entry, transmission, modification and application; a management mechanism for coordination with relevant parties and information collection has also been formed.

Strengthening training and exchange with regard to corporate social responsibility:

Domestic and foreign experts in the sphere of the corporate social responsibility have been invited to conduct training over the international standards for environmental, market and social performance; academic exchange has been strengthened with organizations both at home and abroad; relevant standards both at home and abroad have been geared to a management system for corporate social responsibility.

02 Strategy Chapter Management

- > Core Values
- > Strategic Planning
- > Risks, Opportunities and Measures for Sustainable Development
- > Corporate Governance
- > Punishing and Preventing Corruption
- > Communication with Stakeholders



Core Values



Corporate Culture

Mission

To live up to its mission to build a powerful country of iron and steel in order to create values for shareholders, customers, employees and the society

Corporate Spirit

Innovation, Integrity, Endeavor and Dedication

Vision

To become a leading enterprise in the Chinese iron & steel industry

Core Values

To build a powerful country of iron and steel so as to bring benefits to the society

Work Ethics for Employees

Dedication to work in pursuit of excellence

Development Concept

To accelerate "Four Transformations" to achieve the sustainable development through "Six Major Strategies"

Business Philosophy

To deliver high-quality products to customers so as to achieve a win-win result in good faith

Environmental Protection Concept

Green Manufacturing; Green Steelworks

Management Philosophy

Employee-friendliness, pursuit of excellence, strict standards and strict implementation

Safety Concept

Life is valuable, safety is a duty, system is a guarantee, and execution is critical



▲ Symposium on carrying forward the pioneering spirit of Anshan Iron and Steel Group Corporation, in celebration of the 50th anniversary for promulgation of the Charter of Anshan Iron and Steel Company.



▲ "Pioneering Employees" Award Presentation Ceremony in celebration of the 50" anniversary for promulgation of the Charter of Anshan Iron and Steel Company.

Corporate Culture

Promoting the integration of Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd. in corporate culture; Both sides have reached consensus in terms of corporate missions, corporate objectives, corporate spirit, and corporate core values. Efforts have been made to achieve the corporate culture integration between the two sides in institutions, concepts, behavior, image, sentiment and personnel.

There is much in common between Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd. in history and culture. In Panzhihua, around 7,000 workers from Anshan Iron and Steel Group Corporation devoted themselves to PanGang Group Company Ltd. Phase I Project, making their due contributions to economic development in Southwest China.

Organizing activities in celebration of the 50th anniversary for promulgation of the *Charter of Anshan Iron and Steel Company*;

The *Charter of Anshan Iron and Steel Company* highlighted technological innovation and revolution. In celebration of the 50th anniversary for promulgation of the *Charter of Anshan Iron and Steel Company*, Anshan Iron and Steel Group Corporation has organized an essay solicitation and a special lecture, a public appraisal of "Pioneering Employees", and a symposium on carrying forward the pioneering spirit of Anshan Iron and Steel Group Corporation.

Summarizing the achievements in corporate culture development since the Eleventh Five-Year Plan period;

Ansteel Group Corporation has drawn up a blueprint for its corporate culture development during the Twelfth Five-Year Plan period, made a revision of *A Guide to Anshan Iron and Steel Group Corporation Culture and the History of Anshan Iron and Steel Group Corporation*, solicited 95 corporate programs for ethical and cultural progress, and displayed new achievements scored in this regard.

Promoting the improvement of work ethics of employees;

According to the theme of "Strength of Work Ethics", Ansteel Group Corporation has held a cultural gala in celebration of the 9th anniversary for promulgation of the *Program for Improving Civic Ethics*, giving a huge boost to the implementation of the Program and the *Code of Ethics and Professional Conduct of Ansteel Group Corporation*.

In the selection of corporate spirit cases held by China Research Institute of Enterprise Culture in celebration of the 60th anniversary for the founding of New China, Anshan Iron and Steel Group Corporation Spirit of "Innovation, Integrity, Endeavor and Dedication" and PanGang Group Company Ltd. of "Scaling the Heights through Arduous Efforts" were listed into National Top 60 Cases for Corporate Spirit. In the appraisal of achievements in the studies on the corporate culture organized by China Research Institute of Enterprise Culture, the Approach to the Studies on the Cultivation and Transformation of Corporate Values won the first prize. At the 7th National Annual Conference on the Corporate Culture held jointly by China Enterprise Confederation and China Enterprise Directors Association, the Studies on the Innovation Culture of Ansteel Group Corporation was selected as "National Excellent Case for Corporate Innovation Culture".

Organizing a series of activities in celebration of the 40th anniversary for the operation of PanGang Group Company Ltd.; In celebration of the 40th anniversary for the operation of PanGang Group Company Ltd., PanGang Group Company Ltd. convened a conference, a cultural gala "Song of Startup", an exhibition of employees' works of fine arts, calligraphy and photography, and a prize-attached essay solicitation "I Grow up with PanGang Group Company Ltd.", produced a TV feature "Outstanding Achievements over the past 40 Years", made a public selection of "40 Major Events over the Past 40 Years Since the Operation of PanGang Group Company Ltd.", and organized for employees a lecture and a thematic activity on PanGang Group Company Ltd. Spirit.

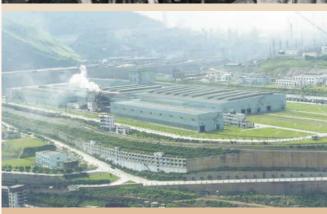
Since it was put into operation 40 years ago, PanGang Group Company Ltd. has undergone three critical periods. From 1965 to 1980, PanGang Group Company Ltd. started its Phase I construction from scratch; from 1981 to 2000, PanGang Group Company Ltd. strengthened its technical process in the Phase II construction, as evidenced by its improved product varieties and upgraded scale, fulfilling its strategic shift in products from steel billets to rolled steel; from 2001 till now, in order to evolve into an internationally competitive modern corporate group of iron & steel and vanadium & titanium, PanGang Group Company Ltd. has been making endeavors in its strategic transformation toward "premium steel products" in its new undertaking.

Over the past 40 years, PanGang Group Company Ltd. has kept pace with the times, upholding its spirit of "scaling the heights through arduous efforts". On the basis of the past achievements and the present reorganization with Anshan Iron and Steel Group Corporation, PanGang Group Company Ltd. is pressing ahead with its new undertaking to write a chapter of sustainable development in an enterprising and pioneering spirit.

- Conference in celebration of the 40th anniversary for the operation of PanGang Group Company Ltd.
- 2.The first blast furnace started tapping in PanGang Group Company Ltd.
- 3.Panorama of the cold rolling mill in PanGang Group Company Ltd.
- 4.Panorama of the titanium sponge project in PanGang Group Company Ltd.











Carrying Forward Anshan Iron and Steel Group Corporation Spirit

Guo Mingyi, an exemplary model embodying the spirit of dedication in the new era

On August 1, 2010, Hu Jintao, General Secretary of the CPC Central Commission, President of the People's Republic of China and Chairman of the Central Military Commission of the CPC, issued directions on promoting the deeds of Comrade Guo Mingyi, a model worker from Anshan Iron and Steel Group Corporation embodying the spirit of dedication in the new era. More efforts should be made to promote his deeds and virtues so as to extend mental support to the creation of a harmonious socialist society. Li Changchun, Wang Zhaoguo, Liu Yunshan, Xu Caihou and Guo Boxiong, leaders from the Central government and the Central Military Commission of the CPC, also called on people from all walks of life to carry forward his spirit of devotion and dedication in order to make contributions to sustainable development and social harmony.

Presently, Guo Mingyi works as a highway administrator in Qidashan Iron Mine in Anshan Iron and Steel Group Corporation Mining Corporation. The past 30-odd years have witnessed his enormous dedication to his job and the society in line with his fundamental principle of serving the people wholeheartedly as a CPC member. Since 1990, he has made blood donations for 20 years on end, 60,000 ml in total or 10 times the total amounts of blood in his body. Since 1994, he has donated a total of RMB 120,000 to the Project Hope, his colleagues and people in the disaster-stricken areas, and provided financial support to over 180 students from destitute families. Since he worked as a highway administrator in 1996, he has offered over 15,000 hours of services in total, including additional five years of work, since he goes to work 2 hours earlier every day. He has been conferred the honorary title of "National Excellent CPC Member", the National May Day Labor Medal, the National Gold Award for Voluntary Blood Donation and the National Red-Cross Volunteer Star.

His deeds and virtues epitomize all Chinese people's efforts to improve their codes of conduct, symbolize the qualities of the Chinese nation, and interpret the profound significance of the socialist core value system, and demonstrate to us how to strike

a proper balance between self and others, the individual and the collective, the demand and the dedication, and the ordinary and the extraordinary, which will contribute to the general public's or particularly youngsters' correct view on the world, life and value. In September, 2010, Xinhua News Agency, China National Radio, CCTV, *People's Daily, PLA Daily* and other media gave much publicity to the exemplary deeds of Guo Mingyi. The report meeting on his deeds was held respectively in the Grand Hall of People, ten provinces, institutions directly under the administration of Liaoning Provincial Government, Shenyang and Dalian, and Baosteel Group, and PanGang Group Company Ltd..

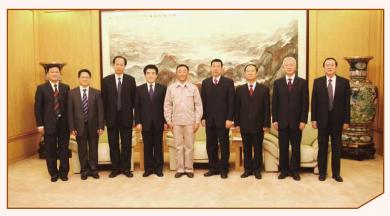
Since Anshan Iron and Steel Group Corporation was founded sixty years ago, generations of Anshan Iron and Steel Group Corporation staff have been committed to building China into a powerful country of iron and steel. It is in line with Anshan Iron and Steel Group Corporation Spirit of "Innovation, Integrity, Endeavor and Dedication" that Guo Mingyi, together with Meng Tai, Wang Chonglun, Lei Feng, Li Yanjia and Xing Guibin, have grown into exemplary workers; in return, it is through their unremitting efforts that Anshan Iron and Steel Group Corporation Spirit carries a special significance in the new era.



▲ Entrusted by General Secretary Hu Jintao, Li Changchun, Member of the Standing Committee of the Political Bureau of the CPC Central Commission, met with Comrade Guo Mingyi and the deed reporting delegation.



▲ The reporting conference on the exemplary deeds of Comrade Guo Mingyi was held in the Grand Hall of People in Beijing.



▲ Wang Yong, Chairman and Party Secretary of SASAC, met with Guo Mingyi.



▲ Guo Mingyi was selected as one of "2010 Top 10 Responsible Citizens in China" and "2010 Top 10 Most Popular Guests" by the website of the People's Daily.



▲ Guo Mingyi was conferred the 2010 Moving China Award by CCTV.



▲ Guo Mingyi and some of the subsidized children.

Strategic Planning



Strategic Objectives

By 2015, Ansteel Group Corporation will have made its way to the rank of going into world top 5 steel producers by annual output, thus becoming a super large-sized transnational group that will be the most internationally competitive and be able to set the trend for the world steel industry development, with coordinated development of an ultra-heavy principal business of iron and steel, a world-leading vanadium industry, the domestically largest titanium industry, diversified industries.



Strategic Paths

"Four transformations": From the major investment in new construction projects to equal stress on the new construction investment and the merger and reorganization in the growth model; from the inland expansion to the coastal expansion and internationalized operation in the industrial layout; from a "follower" to a "pacemaker" of core technologies in independent innovation; from the single product export to the technology and management export in the foreign trade.



Overall development train of thought

Building up the extra-heavy steel industry: bringing into play the synergy advantage of reorganization and make the steel industry to be the best and biggest through scaling the capacity, balancing the product mix, multiplying the layout regions and optimizing the logistics;

Strengthening the distinctive vanadium and titanium industry: bringing into play the advantage of comprehensive utilization to realize the serialization and scaling of the vanadic and titanic products through appreciating the industrial chain value by developing the high-end products and merging the low-end products;

Fulfilling the technical lead: bringing into play the advantage of independent innovation to become the leader to the steel industry development through making the core technologies and the principal products low carbon and benchmark;

Constructing the advantage of resources: bringing into

play the advantage of owning resources to improve the resourcing capacity and advance the support capacity of the low-cost resources through tapping the internal resources and controlling the external;

Expanding the transnational operation: bringing into play the advantage of corporate brands to cultivate the capacity of transnational operation and advance the level of internationalization through globalizing the value chains;

Realizing the scientific development: bringing into play the advantage of state-owned enterprise exemplification to promote the cyclic econome and realize the green growth through adjusting the principal business structure, diversifying moderately, strengthening the combination between the steel business and the financial business and the construction of IT business and adhering to the people-oriented.



Objectives for the Corporate Development during the Twelfth Five-Year Plan Period

Earnings target: The profit of Ansteel Group Corporation will be higher than the average steel industry level in China; continuous efforts will be made to ensure the profitability of the merged and reorganized enterprises. The propotion of the profit of the financial business will reach 15%-20% of the profit of Ansteel Group Corporation;

Scale target: annual sales revenues will be over RMB 300 billion; annual output of raw steel will be 60 million tons; self-sufficiency rate for iron ore concentrate will be over 65%; annual output of vanadic products (in the form of V2O5) will be 45,000 tons; annual output of titanium ore concentrate will be 1 million tons; annual output of titanium dioxide will be 510,000 tons; annual output of rolled titanium will be 10,000 tons; proportion of revenues from the diversified business to those from the principal business will be stabilized between 10%-15%:

Product target: core steel products (automotive steel, railway steel, petroleum and petrochemical steel, household electrical appliance sheets, shipbuilding plates, electrical steel, container plates and mechanical plantes as well as special steel like precision tubes, nuclear power tubes and die steel) and vanadic and titanic products will reach a industry-leading level and the proportion of long and flat products will be gradually increased;

Layout target: expanded global industrial distribution; bases in Northeast, Southwest, Southeast coastal and North China; coordinated production lines and optimized resource allocation;

Environmental target: to construct a resource-conserving and environment-friendly low-carbon enterprise and build up a model steel basefeaturing green manufacturing and green operation.

Ansteel Group Corporation has established its strategic planning system in three layers of overall strategies, business strategies and functional strategies to realize the efficient support and cooperation inside the strategic development planning system of the medium and long-term overall development, business section and special functions, In order to strengthen the management of its strategic planning system, the Regulations for Management of the Strategic Planning System of Ansteel Group Corporation and (2010-2012) rolling plan have been formulated; an annual strategic plan has been drawn up to incorporate development strategic measures into the annual strategic performance evaluation system and the annual overall budget management. Anshan Iron and Steel Group Corporation was the first to establish and efficiently execute the strategic performance management system metallurgical industry and was conferred the 2010 China Award for Strategy Execution by the Evaluation Council for the China Star Award for Strategy Execution. Anshan Iron and Steel Group Corporation was conferred the 2010 China Star Award for Strategy Execution.





Advancing to complete the Corporate Strategic Planning

Scaling, Multi-regional and Internationalized Operation of the Principal Business of Iron and Steel

The successful reorganization of Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd., realization of the designed production capacity of Bayuquan Steel Base, operation of An-Ling Steel Co., Ltd. in Chaoyang, accelerated construction of Xichang Base, and construction of Putian Project have contributed to greater advantages in resources, scale and more perfect development pattern with its cross-regional, multi-base and internationalized operation enjoyed by Ansteel Group Corporation. Ansteel Group Corporation has become the first Chinese steel enterprise to build factories in the USA after

concluding an agreement with Steel Development Company, USA. The overseas marketing has witnessed a substantive, specialized and systematic transformation since Anshan Vigano Co., the first overseas steel processing center, was put into operation. Construction of the overseas resource availability system has been advanced steadily. The overall financing program for subscription of the equities of Gindalbie Metals Ltd, Australia has been approved by the Central government. A syndicated loan agreement has been signed for Karara Iron Ore Project in Australia to ensure its smooth running.

Development of Major Business sections

Boosting the development of the resource industries:

The project of the renovation and expansion of the iron ore mine in Anshan Iron and Steel Group Corporation Iron Ore Mine has been approved by the Central government; Ansteel Group Corporation has established strategic partnership with Jilin Horoc Nonferrous Metal Group Co., Ltd.; Ansteel Group Corporation has made an investment in its subsidiary named Jilin Jien Nickel Industry Co., Ltd. as its third largest shareholder; Ansteel Group Corporation has conducted cooperation with Shanxi Material Industry Group Co., Ltd. in development and sales of coking coal and has inked a medium and long-term agreement on the coal sales and purchase with Yangquan Coal Industry (Group) Co., Ltd. and Huaibei Coal Mining Group; Ansteel Group Corporation, together with Dalian Shipbuilding Co., Ltd. and Pacific International Lines (Pte) Ltd., has set up a ship-recycling company, which provides Anshan Iron and Steel Group Corporation with over 500,000 tons of scrap steel every year.

Accelerating the resource strategy projects of PanGang Group Company Ltd.:

Breakthroughs have been made in realization of the designed

product capacity of Baima Iron Ore Mining Project Phase I; mining has been carried out underground from the former opencut mining at Jianshan Mining Area in Panzhihua; much progress has been made in control and exploration of common ore in Liangshan Yi Autonomous Prefecture; great breakthroughs have been achieved in construction of Fuyuan Coal Mine in Yunnan Province cooperated with Chongqing Energy Investment Group; business outlets have been gradually opened in coal-mining regions in Yunnan and Guizhou Province.

Strengthening cooperation with domestic and foreign enterprises to make the diversified industries more competitive;

The high-grade continuous casting mould flux project Phase I in joint venture with Stollberg & Samil Co., Ltd., South Korea has been put into operation; Ansteel Group Corporation has signed an agreement with Timken Company, USA on the repair of bearings; the high-pure and super-fine aluminum powder project developed by Ansteel Group Corporation on its own has been put into operation; the development of magnetic materials and steel slag fine powder is proceeding as scheduled.



1.Anshan Iron and Steel Group Corporation has concluded an operation agreement on the joint-venture company with Steel Development Company.

2.PanGang Group Company Ltd. Baima Iron Ore Mining Project Phase II has started construction.

Green and Low-carbon Development

Since the Eleventh Five-Year Plan period, Ansteel Group Corporation has saved 3.19 million tons of standard coal, fulfilling the target for energy conservation ahead of the time; in 2010, Ansteel Group Corporation saved 500,000 tons of standard coal and 12.67 million tons of water. At the Meeting of the State Council on Energy Conservation and Emission Reduction, Ansteel Group Corporation was invited as the only enterprise to elaborate on its practices in this regard. One of the first batches of "Demonstration Enterprises for the Pilot Program of Energy Conservation and Emission Reduction through Fusion of Industrialization and IT Application", Anshan Iron and Steel Group Corporation has seen

the operation of over 50 priority projects like the power generation through waste heat from sintering machines, and the successful hot load test run of the flue gas desulphurization unit for the #1 sintering machine in the western area of Anshan Steel Base, thereby producing a sound environmental effect and obtaining enormous economic benefits. The Coke Dry Quenching (CDQ) units for PanGang Group Company Ltd. #5 and #6 Coke Oven and the technological transformation of the sintering system (Phase II) have been completed; power generation through excess heat and energy (Phase II) is under way.

Development of Core Technologies

In 210, Ansteel Group Corporation developed 7.27 million tons of new products, which accounted for 25.9% of the total. Anshan Iron and Steel Group Corporation developed a high-speed heavy rail laid on Beijing-Shanghai High-Speed Railway for trains running at a speed of 380 kilometers per hour; Anshan Iron and Steel Group Corporation manufactured special steel for testing of key equipment for the nuclear island as a domestic substitute and the advanced forging for the main pipes of the nuclear power station, thus realizing independent R & D of the third-generation nuclear power technologies and the homespun key nuclear power equipment; Anshan Iron and Steel Group Corporation became the first Chinese steel enterprise to have seen its Q500gE steel pass the technological examination over the 500Mpa-level railway steel by the Ministry of Railways; the sales of high-added-value products like automotive sheets rose by 36.3% on a year-on-year base; East Anshan Industrial Demonstration Production Line for Separation and Flotation of Refractory Mixed Iron Ore reached a world-leading level; the early vender involvement (EVI) for R & D of new products produced a remarkable effect; Anshan Iron and Steel Group Corporation and China FAW Group Corporation set up a joint lab; Anshan Iron and Steel Group Corporation concluded a strategic agreement with China Classification Society.

PanGang Group Company Ltd. high-grade pinion steel, the nickel-based alloy used in the heat exchanger for the oil refining industry and other new products have witnessed their batch production; the State Key Lab of Multi-purpose Utilization of Vanadium and Titanium Resources has started construction upon approval from the Ministry of Science and Technology; four medium experimental lines, namely the new techniques for multi-purpose utilization of vanadium and titanium magnetic iron ore, preparation of high-grade titanium-rich materials, extraction of titanium from the blast furnace slag, and clean production of vanadium oxide, have gone into operation, completing a series of industrial experiments; PanGang Group Company Ltd. has set up a joint lab of household electrical appliance steel with Changhong Electric Co., Ltd..

In 2010, Ansteel Group Corporation was conferred one Second-Class Award for the State Scientific and Technological Progress Award and 29 prizes for industrial and provincial scientific and technical progress; Ansteel Group Corporation had 1,357 patent applications handled, among which 951 were granted by the State Intellectual Property Office and 8 were granted to Ansteel Group Corporation from abroad. Besides, Angang Steel Co., Ltd. won the 10th China Quality Award.





Progress of Priority Projects

Inauguration of An-Ling Iron & Steel Co., Ltd.

On November 16, 2010, the production lines of An-ling Iron & Steel Co., Ltd. went into pilot operation. Such project highlighted energy conservation and environmental protection in design, state-of-the-art processes in technique, and a sophisticated design, an efficient

organization and strict management in objectives. The production lines, with its scale reaching 200 tons, would feature a complete process of stock yards, coking and chemicals, ironmaking, steelmaking, continuous casting and rolling.



▲ Production lines of An-ling Iron & Steel Co., Ltd. went into pilot operation.









- 1. Ceremony for Anshan Iron and Steel Group Corporation Cold-rolled Steel Sheets (Putian) Project
- 2. Ceremony for Installation of the Stand of Hot Rolling Mill for PanGang Group Company Ltd. Xichang Vanadium & Titanium Resources Multi-purpose Utilization.
- Groundwork-laying Ceremony for Producing PanGang Group Company Ltd. Titanium Dioxide through Chlorination Process.

Renovation and Expansion of the Iron Mine in the Old Mining Site of Anshan Iron and Steel Group Corporation

On March 11, 2010, Renovation and Expansion of the Iron Mine in the Old Mining Site of Anshan Iron and Steel Group Corporation was approved by the Ministry of Industry and Information Technology. The year 2010 saw the implementation of such projects as the external expansion of Dumu Mining Site in Gongchangling and the extension of the central zone of the underground mine, the expansion of the East Anshan Iron Mine (Phase II), the external expansion of Dagushan Iron Mine, the transformation of open-pit to underground mining for Yanqianshan Iron Mine, and renovation of the limestone mine in Dengta City, Liaoning Province, and a new mine in Dalian as well as the operation of two new projects, namely Xidabei Mining Site and Lazishan Mining Region. As a result, the proportion of homespun ores of Anshan Iron and Steel Group Corporation would be elevated to ensure its iron mine resource availability so as to contribute to its sustainable development.

Anshan Iron and Steel Group Corporation Cold-rolled Steel Sheets (Putian) Project

In February 2010, Anshan Iron and Steel Group Corporation Coldrolled Steel Sheets (Putian) Project started construction in Putian City, Fujian Province. By the end of 2010, pile driving had been made for the main workshop; construction of the pile cap, the upper part of the main workshop and infrastructure for main equipment, and installation of some equipment had been completed; the construction will come to a close by the end of 2011. Such project, which showcases the integrated technologies covered by the proprietary intellectual property rights held by Anshan Iron and Steel Group Corporation, will feature a production line for an annual output of 1 million tons of 1,450mill cold-rolled sheets.

Xichang Vanadium & Titanium Resources Multi-purpose Utilization of PanGang Group Company Ltd.

PanGang Group Company Ltd. Xichang Vanadium & Titanium Resources Multi-purpose Utilization, which lies at the core of the strategies for a new round of development of PanGang Group Company Ltd., features a multi-purpose utilization of vanadium, titanium and iron by means of the most advanced techniques, technologies and equipment, with an aim to achieving energy conservation, consumption reduction and environmental protection through circular economy. Started in September, 2009, the project had entered the phase of equipment installation by the end of 2010.

Engineering Project of PanGang Group Company Ltd. for Producing Titanium Dioxide through Chlorination Process

In June 2010, a groundwork-laying ceremony was held in Chongging for environmental relocation of Chongging Titanium Industry Co. Ltd. of PanGang Group Company Ltd. into Changshou Chemical Industrial Park for production of titanium dioxide through chlorination process, which would wean China from its dependence on such imported product and kick-start the leapfrog development of the Chinese titanium industry.

Risks, Opportunities and Measures for Sustainable Development



Risks for Sustainable Development

Large amounts of uncertainties arise from the profound and complex changes in the world economic landscape;

Economic recovery will be confronted with the challenges in financial sustainability, employment crisis, financial department consolidation and global cooperation. In addition, a new round of European debt crisis will make it more difficult for the world economy to maintain its momentum of pre-crisis rapid growth in the short term.

Chinese economy, in its critical period of adjustment, is plagued by varieties of contradictions in a complex situation;

Presently, since construction in the Chinese steel industry is losing steam, investment in this regard will see its slower growth during the Twelfth Five-Year Plan period. Also, investment boom in the railway, equipment manufacturing and other industries will show a slow down in the medium and late period of the Twelfth Five-Year Plan period, contributing less to the Chinese economic growth. Owing to the sluggish demand of developed economies, an increasing pressure for RMB appreciation and a rising tide of trade protectionism around the world, foreign trade in China will face more severe challenges. What's more, the inflation pressure and interest-rate increase in sight, coupled with uncertainties in economic and social development, will put a brake on the steady

recovery and rapid growth of the Chinese economy.

The steel industry paints a gloomy picture;

Since the steel industry bears relations to the economic growth cycle, against the context of the slow global economic recovery, it will be unlikely for the steel price in the market to skyrocket toward the pre-crisis level in the short term. Overcapacity in the steel industry, a rising tide of worldwide trade protectionism, and restriction measures adopted by the Central government have resulted in a huge decline in the export of steel products and a great increase in their supply on the domestic market, aggravating the contradiction of the supply exceeding the demand. Besides, the prices of steel on the domestic market maintain a lower level while those of iron ores and coal remain on the rise. Therefore, it will not be rare for steel enterprises to see a rise in their cost, and a decline in their product prices and profitability. During the Twelfth Five-Year Plan period, the arduous task of energy conservation and emission reduction will exert a huge pressure on steel enterprises. As a result, Ansteel Group Corporation will be confronted with an unprecedented challenge of fierce competitions with its counterparts for fuel and raw materials, and customers.



Opportunities for Sustainable Development

The world economy, still in recession, points to a major trend of recovery. In spite of various contradictions in its development, the Chinese economy paints a picture of optimistic recovery and rebound. Besides, as urbanization and industrial upgrading gain momentum, investments will see their rapid growth within a period. All these factors will give a boost to the continuous rebound of the Chinese economy, revitalizing the steel market. Against the odds of the financial crisis, Ansteel Group

Corporation has managed to maintain a stable and sustained growth in its business, accumulating some experience in achieving sound development against a volatile economic landscape. The reorganization of Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd., in particular, has contributed to a larger scale, enhanced overall competitiveness, and expanded scope for development, laying a solid foundation for the take-off of Ansteel Group Corporation.



Measures for Sustainable Development

Following the economic situation both at home and abroad, and grasping the national industrial policies: to make efforts in merge and reorganization, industrial distribution, international operation, diversified operation, and core technology R & D in line with the objectives and strategies for corporate development in a new period so as to enhance the capability against risks;

Focusing on the market trend to identify the target users for products: to implement a differentiation strategy to promote technological innovation, and to adjust the product mix by concentrating on the R & D, production and sales of best-seller products in order to strengthen the endogenous driving force behind profits growth;

Paying close attention to the price change in upstream fuel and raw materials: to explore new approaches to procurement and tighten control over resources to reduce the cost in production and procurement of fuel and raw materials so as to lower the

negative impact of price fluctuations in upstream fuel and raw materials:

Establishing an effective cost management system: to tap the potential for cost reduction in all links concerning production and operation so as to increase economic benefits:

Exercising strict monitoring over operations risks: to strengthen fund management and control project investments in order to ensure the safety of capital chain;

Exploring new approaches to leading the industrial development: to shoulder the historical mission and social responsibility and grasp precious opportunities for the steel enterprise transformation to blaze a new trail in green manufacturing, improved institutions and mechanisms, and sustainable growth mode for Chinese steel enterprises; sustained growth in its business, accumulating some experience.

Establishment and Implementation of the Enterprise Risk Management System

Attaching great importance to the corporate development in the post-crisis period, Ansteel Group Corporation, on the basis of its service strategy, and the control and management model, is committed to establishing a risk management system by analyzing the impact of internal and external environmental

changes on the planning and execution of the Group strategies. Risk management, which has been incorporated into the processes for business through institutions and culture, will exert a positive impact on the formulation and implementation of major operations policies.

Organizational System

Ansteel Group Corporation has set up a team in charge of the establishment of the enterprise risk management system, and monitoring and control over major risks. The team is composed of principal leaders as a director, relevant business mangers as deputy directors, and members of relevant departments.

In line with their duties, all departments of Ansteel Group Corporation have made identification, analysis and assessment of risks, put in place the program for risk prevention and control, and exercised monitoring over major risks; under the guidance of

the enterprise risk management team, a competent department has been formed to push forward the establishment of the corporate risk management system, and tighten control and management over risks; under the guidance of the said team, the internal audit department has conducted an audit over economic responsibilities, operations management, engineering projects and special items to lay bare the risks in corporate production and operation and put forward some suggestions.

Internal Control System

Internal Control Environment;

As regards the set-up of organizations and allocation of powers and responsibilities, the organizational structure has been optimized to ascertain the allocation of powers and responsibilities in order to enhance the overall operations efficiency. In terms of an internal control system for human resources, fundamental institutions and regulations have been improved to carry out training programs for talented employees. With regard to legal education, the Fifth Five-Year Legal Education Program has been adopted to raise employees' awareness of laws and risks.

Risk Assessment;

A risk assessment, prevention and control mechanism has been formed on the basis of the internal control systems to exercise monitoring over the business of affiliated companies, subsidiaries and branches for a timely response to all potential risks.

Control Activities;

Internal control has been carried out through separation of positions for authorization and approval, and for business execution; for business execution, and for monitoring and examination; for business execution and for accounting records.

When it comes to the information communication and transmission in daily work, Ansteel Group Corporation has established an Office Automation (OA) system covering the whole group to strengthen internal coordination and knowledge sharing so as to enhance the overall office efficiency. After improvement, the system will be put in place.

Internal Monitoring;

The corporate audit department, in charge of internal monitoring, plays its due role in raising employees' awareness of risks, preventing risks, strengthening management, and fulfilling strategic objectives.

Risk Management Information System

The risk management information system for Ansteel Group Corporation has integrated, upgraded and complemented all relevant modules on the ERP platform by means of the existing information technologies to achieve an effective fusion of risk management and business management. Anshan Iron and Steel

Group Corporation ERP Production and Sale System, Equipment and Management System, Finance Cost System, and the Fund Settlement System developed by Beijing NineStar Technology Joint-Stock Co., Ltd. can perform their function of risk control and management.

Operation of the Risk Management System

In 2010, Ansteel Group Corporation improved its enterprise risk management system by putting on top agenda the effective operation of such system and incorporating risk management factors into all links in production and operation management. Regulations for enterprise risk management, and processes for risk evaluation and reporting were unveiled. Risk assessment

was conducted over the core business of Ansteel Group Corporation headquarters and internal control evaluation over the core business of Ansteel Group Corporation headquarters and pilot companies. *Anshan Iron and Steel Group Corporation Enterprise Risk Management Report 2010* was submitted to the SASAC.



Financial Risk Control

Tightening Fund Control to Guard against Financial Risk

In order to tighten fund control, Ansteel Group Corporation has established and improved its centralized fund control and management system based on the policy formulation, budget management, monitoring and examination, in which the headquarters can carry out macro-control and the centralized fund management on the platform of all-around services provided by Anshan Iron and Steel Group Corporation Financial Co., Ltd. to strike a dynamic balance at the financial settlement center. For centralized fund management, efforts are made to expand the avenues for financing and reduce fund cost to guard against financial risk; for investment management, the scale of fixed assets investment is determined in the priorities of "economic benefits and efficiency" to ensure the completion of priority projects on schedule for an effective use of funds. The online banking system and the modern settlement platform from Anshan Iron and Steel Group Corporation Financial Co., Ltd. have found their extensive application in the all-round management of funds in RMB and in other currencies, and drafts in terms of revenues and expenses. Full use of the POS system (bank card payment system) is made to standardize the cash management against risks. And the unified management mechanism for fund raising and financing and for accounting at different levels has been in place, i.e. the unified mechanism for fund balancing and decisionmaking, approval and implementation of fund raising and financing solutions. Management of electronic commercial drafts has been regulated by implementing the electronic commercial draft system to lower the risks of drafts.

⇒ Tightening cost control

Budget control has been tightened against all risks. According to the concept of budget management based on the corporate strategic planning, development strategies are incorporated into the corporate budget management and strategy performance evaluation system so as to ensure the conformity of the annual budget target to the corporate strategic planning. A risk early-warning mechanism for budget execution has been established to tighten monitoring. Budget management is brought into full play in risk control to identify the problems in operation and propose remedies in order to ensure the effective budget execution. Strategic Cost Management Based on the Value Chain by a Large Iron Mine Enterprise earned Anshan Iron and Steel Group Corporation the first prize for the 17th National Enterprise Management Modernization Innovation Achievements.



▲ Anshan Iron and Steel Group Corporation was conferred the first prize for the 17th National Enterprise Management Modernization Innovation Achievements.

Legal Risk Prevention System

Improving a legal risk prevention mechanism incorporating system management, dynamic control, focus on priority areas and information monitoring; establishing and improving a management system for legal affairs composed of regulations and other relevant rules;

Establishing a legal guarantee framework for major projects consisting of whole-process analysis, all-round examination, risk assessment, and duty execution; according to its nature, grade and countermeasures, an evaluation is carried out over the legal risk in major projects to ensure that legal documents are lawful, offective and workship.

Implementing a legal risk early-warning system based on planned and random early warning; on the one hand, an analysis is made over the sources of legal risks to draw up the guidance on legal risk control and prevention for the sake of a planned early warning; on the other hand, an identification and analysis is made over the existing and potential risks in production, operation and

management of administrative departments and affiliated companies; the *Notice on Legal Risk Early-warning and the Analysis of Legal Dispute Cases*, which involve merge and reorganization of enterprises, rules and regulations, and management of contracts, evidences and special seals, and labor disputes, are issued on a regular basis to play their role in preventing legal risks.

Improving a contract management mode concerning authorization, texts and special seals based on initial examination, reexamination and final examination; in order to lower legal risks in contracts, the three-tiered examination system for daily production and operations contracts, in which the affiliated company makes an initial examination, the competent department a reexamination and the legal affairs department a final examination, is strictly implemented to ensure that they are true, lawful and complete.

Establishing and Improving an organizational system for legal

risk management; a relevantly complete legal affairs management system, which involves the General Legal Counsel who also assumes a post in subsidiaries, competent managers, legal affairs department, and legal affairs agencies or positions, has been put in place to guard against legal risks in an all-round manner

In August, 2010, the SASAC undertook an one-hundred-point examination over the progress made by 121 central enterprises in fulfillment of the objectives for legal affairs in the second year of the new three-year period. Ansteel Group Corporation stood in the forefront of five indicators, namely establishment of the General Legal Counsel system, legal examination of corporate regulations, economic contracts and major decision-making, and legal dispute cases settlement.



Ansteel issued Notice on Legal Risk Early-warning and the Analysis of Legal Dispute Cases.

Improving the Audit System

In accordance with the Auditing Law and the regulations for strengthening internal audit issued by the SASAC and the National Audit Office of the People's Republic of China, Ansteel Group Corporation carries out an internal audit based on its development objectives in close conjunction with the central tasks of production and management, and technological transformation. A centralized internal audit system has been established to advance its shift from revenues & expenses audit to management audit, from post-execution monitoring to process control, from decentralized management to central management, and from the mere error identification to value management such as monitoring, services, evaluation and consultation. Efforts have been made in integrating the internal audit system of Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd. after their reorganization. A total of 19 audit processes have been optimized, and standards for audit management and regulations

for economic responsibility audit management formulated and improved. As a result, the corporate internal audit based on the IT has been regulated and standardized.

In 2010, an internal audit was carried out over the economic responsibilities of administrative persons-in-charge in and out of office from 27 affiliated companies; over the costs, finance and management of 14 engineering projects like the Steelmaking Project in Anshan Iron and Steel Group Corporation Bayuquan Steel Base; over the finance settlement of 5 engineering projects like PanGang Group Company Ltd. Production Lines for Rolling Tube Machine Sets. In addition, 8 audits over finance, 5 audits over operations management, 6 audits over economic benefits, 6 special audits and 1 follow-up audit were carried out. In 2010, a total of 72 projects were audited, involving the amount of RMB 7.4 billion for project investment. And specific opinions were offered

Establishing a Board of Supervisors System for Subsidiaries

Ansteel Group Corporation has implemented the system of the board of supervisors in subsidiaries. Such a board of directors, which focuses on the financial monitoring, exercises supervision over the business operation, decision-making procedures, financial position, and the state-owned asset operation of the wholly-owned subsidiaries and directly affiliated companies of Ansteel Group Corporation in accordance with relevant national laws and regulations, and relevant regulations.

In 2010, Anshan Iron and Steel Group Corporation modified its institutions, such as the *Collection of Documents and Regulations* for the Work of the Board of Supervisors in Subsidiaries of Anshan Iron and Steel Group Corporation and the Processes for Board of

Supervisors in Subsidiaries of Anshan Iron and Steel Group Corporation, so that the board of directors can perform its duties in accordance with laws more effectively. In line with the regulations for the work of the board of supervisors in subsidiaries, 35 reports on monitoring, 10 reports on special inspection, 26 reports on major issues, and 1 briefing were completed after annual, periodical and special inspections. A total of 93 suggestions on improving the business management and standardizing the business operation have played a considerable role in advancing the sustainable development of Anshan Iron and Steel Group Corporation and promoting the value maintenance and appreciation of state-owned assets.

Corporate Governance



Management Mechanism

Decision-making Mechanism

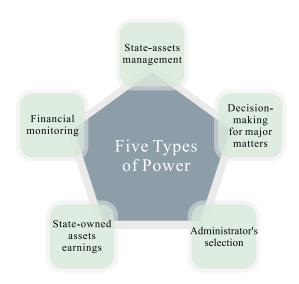
In order to ensure the standardized management and reasonable decision-making, Ansteel Group Corporation has unveiled the Rules and Regulations for Operation of Ansteel Group Corporation and its Subsidiaries (Draft), which clearly defines the division of powers and responsibilities, and specifies operations rules for Ansteel Group Corporation, Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd. in management of strategies, investment and assets, planned finance and budget, marketing, procurement, overseas business, science and technology, safety, energy conservation, environmental protection and human resources. Working procedures for Ansteel Group Corporation and its subsidiaries have been formulated. In accordance with relevant laws and requirements of Ansteel Group Corporation, subsidiaries have formulated internal regulations for decision-making on agenda items. For matters falling within their scope of power, subsidiaries may make a decision at their discretion in line with the internal regulations, and submit their decisionmaking to Ansteel Group Corporation on a regular basis for filing: for a major decision-making that needs to be approved by Ansteel Group Corporation, subsidiaries should submit to Ansteel Group Corporation their consensus reached in line with the internal regulations; once approved by Ansteel Group Corporation, the major decision-making will be carried out after going through the internal legal procedures of subsidiaries.

Control and Management System

For its subsidiaries, Ansteel Group Corporation has adopted a strategic control and management mode featuring "moderately centralized power, reasonable power delegation and systematic monitoring": centralized decision-making for major matters; centralized allocation of important resources; centralized coordination of strategic business; full power delegation for regional operation; systematic monitoring over key process, management institutions and major risks.

Ansteel Group Corporation plays a leading role in decisionmaking in the strategy management center, capital operations center, financial management center, risk control center, business coordination centre and resources sharing center; in accordance with the laws, Ansteel Group Corporation exercises its powers over state-assets management, decision-making for major matters, administrator's selection, state-owned assets earnings and financial monitoring; Ansteel Group Corporation makes an overall planning in strategy development planning, fund and budget management, capital operation and project investment, bulk procurement and marketing, R&D and technological innovation, systematic innovation and risk control, human resources development and senior executives selection. performance assessment and income distribution, IT application and management, and corporate culture and party building.



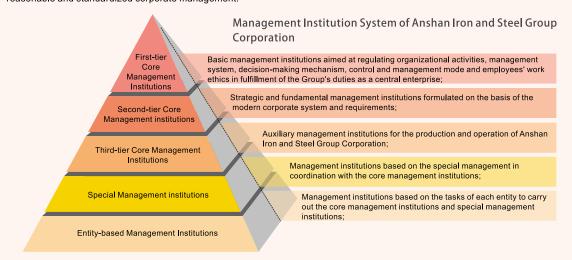


System for Regulations and Institutions

In order to tighten its control over its subsidiaries, Ansteel Group Corporation has established and improved its multitiered system for regulations and institutions, namely core management institutions, special management institutions and unit-based management institutions, in line with a new control and management mode as well as new operations rules for parent company and its subsidiaries.

According to the category and nature of the existing management institutions, Anshan Iron and Steel Group Corporation has improved its three-tier core management institutions and auxiliary special management institutions. On the basis of such endeavor, Ansteel Group Corporation has compiled the Collection of Core Management Institutions of Anshan Iron and Steel Group Corporation (2010 edition), which can perform the functions of browsing and retrieval, to fulfill reasonable and standardized corporate management.

According to the tiers of the group, joint-stock companies, and subsidiaries and branches, PanGang Group Company Ltd. has established its system for regulations and institutions. All management departments of PanGang Group Company Ltd. have formulated their own management institutions according to their functions; subsidiaries and branches (units) has improved their management institutions in line with those of the Group and joint-stock companies so as to ensure their conformity to the processes for management control and basic regulations for process control. Since 2009, PanGang Group Company Ltd. has strived to tailor its institutional system to the control and management mode after the overall listing of the Group. Such an institutional system, where the joint-stock companies lie at the core, includes 57 core management processes and 68 core management institutions.



Optimization of Management Processes

On the basis of the improved business processes, 122 core business processes for the strategic management department have been supplemented; business processes for the strategic business department have been optimized. Anshan Iron and Steel Group Corporation has compiled the Collection of the Processes for Core Business of Ansteel Group Corporation, which can perform the functions of browsing and retrieval. According to the allocation of process factors, 68 micro business processes have been modified, involving 393 positions; 333 non-benchmark business processes have been optimized. The Manual for the Processes for Core Business of Anshan Iron and Steel Group Corporation Headquarters was produced. The catalogue of core business processes has been adjusted, the system of documents for the process management improved and the core business process system set up. With benchmark business as a priority, the process management of companies affiliated to Anshan Iron and Steel Group Corporation has been carried out as a pilot program in order to promote the integration of business processes. In line with the modified regulations and institutions, PanGang Group Company Ltd. has completed the optimization of 57 core business processes.



Corporate Reform

Consolidation and Reorganization of Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd.

In May 2010, the SASAC issued the Notice on the Reorganization of Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd. (SASAC No.376 [2010]), giving an approval on the consolidation and reorganization of Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd. Presently, the newly-established Ansteel Group Corporation serves as a parent company, for which the SASAC, on behalf of the State Council, performs its duties as an investor; Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd. are whollyfunded enterprises of Ansteel Group Corporation rather than the enterprises under the supervision of the SASAC. For the sake of a clear definition of powers and responsibilities for Ansteel Group Corporation, Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd., Ansteel Group Corporation has formulated the Regulations for the Operation of Ansteel Group Corporation as a Parent Company, and Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd. as Subsidiaries and the Working Plan of Ansteel Group Corporation for Promoting the Reorganization of Anshan Iron and Steel Group

Corporation and PanGang Group Company Ltd. And the reorganization is proceeding smoothly according to the working plan.

The reorganization of Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd. will contribute to the enhancement of the concentration and competitiveness of the steel industries and the restructuring of the Chinese steel industry. Such approach based on the market mechanism has blazed a trail in cross-regional consolidation and reorganization of central enterprises. Besides, such reorganization will enable the enterprises to close down backward production facilities and optimize resources allocation through technological innovation in pursuit of an accelerated shift from scale expansion toward quality improvement in the approach to development; such reorganization will make it possible for the enterprises to complement each other in strategies, resources, products, technologies and management in an effort to speed up the establishment of an internationally competitive iron & steel corporate group.



▲ Meeting on the Reorganization of Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd.



▲ Ansteel Group Corporation convened a meeting on the Regulations for the Operation of Ansteel Group Corporation as a Parent Company, and Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd. as Subsidiaries and the Working Plan of Ansteel Group Corporation for Promoting the Reorganization of Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd.

Pushing Forward Optimized Adjustment of Industrial Resources and Integration of Internal Resources

In order to bring into full play its professional business of vehicle transportation and mechanical manufacturing, Anshan Iron and Steel Group Corporation has entrusted Anshan Iron and Steel Group Corporation Vehicle Transportation Co., Ltd. with the task of managing its total state-owned equities of Mining Vehicle Company (accounting for 48% of its total equities) and Anshan Iron and Steel Group Corporation Heavy Machinery Co., Ltd. with the task of managing its total state-owned equities of Mining Machinery Company (accounting for 49% of its total equities), with an aim to optimizing resource allocation and enhancing their capability to deal with risks.

PanGang Group Company Ltd. has integrated its resources in logistics support and educational training. Manufacturing entities of PanGang Group Company Ltd. have taken a series of measures to optimize the departmental functions, institutional processes and personnel arrangement, such as flat management, on-site "Five-Institution" model and chief inspector responsibility system for professional management.



▲ Signing Ceremony for Entrusted Management of State-owned Equities of Mining Vehicle Company.

Anshan Iron and Steel Group Corporation Cold-rolled Steel Sheet (Putian) Co., Ltd. was set up

On February 6, 2010, on the basis of an agreement between Anshan Iron and Steel Group Corporation and People's Government of Fujian Province, Anshan Iron and Steel Group Corporation Cold-rolled Steel Sheet (Putian) Co., Ltd. started construction in Putian, Fujian Province. Through independently integrated technologies covered by the intellectual property rights held by Anshan Iron and Steel Group Corporation, the Company will build a production line with an annual output of 1 million tons of 1,450mill cold-rolled sheets. The founding of the Company

signifies a considerable endeavor by Anshan Iron and Steel Group Corporation to speed up the development of the Western Taiwan Straits Economic Zone in line with the relevant strategic decision-making made by CPC Central Commission and the State Council, and an effective measure by Anshan Iron and Steel Group Corporation to extend its industrial chain for deep processing to advance its cross-regional industrial distribution and industrial restructuring in Fujian Province.

Ansteel Vigano Srl was put into operation

On August 30, 2010, Anshan Iron and Steel Group Corporation held a signing ceremony for equity transfer with Vigano, Italy at a notary office in Milan, marking an official operation of Ansteel Vigano Srl, its first overseas service center. The Company aims

to provide services for overseas customers to increase the shares of Anshan Iron and Steel Group Corporation products on the international market so as to accelerate the internationalization of Ansteel Group Corporation.

Communication Mechanism

Mechanism for Protecting Shareholders' Rights

In 2010, in accordance with the relevant regulations of the China Securities Regulatory Commission and Shenzhen Stock Exchange, AnGang Steel Co., Ltd. formulated institutions, such as the Institutions for the Work of Independent Directors, Registration System for Insiders, Management System for External Information Users and Accountability System for Gross Errors in Corporate Annual Report Information Disclosure, in order to improve the corporate governance structure. PanGang Group Company Ltd. improved its corporate governance structure of shareholders' meeting, board of directors, board of supervisors and the operations department, which features a division of labor and duties, and checks and balances.

Ansteel Group Corporation, which attaches great importance to extending returns to investors, has worked out a long-term policy

for profits distribution. Specifically, the profit distribution policy for AnGang Steel Co., Ltd. means that annual cash dividends for distribution should not be less than 50% of the net profits generated in the same year (in accordance with the China Accounting Standards); the higher proportion of cash dividends distribution has given a good return to investors for years on end. Since 1993, PanGang Group Company Ltd. Vanadium and Titanium Co., Ltd, upholding its concept of sharing fruits with investors, has provided cash dividends of RMB 3.565 million in total. In 2010, PanGang Group Company Ltd. Vanadium and Titanium Co., Ltd. managed to turn losses into profits by achieving net profits of RMB 1060 million, thus safeguarding shareholders' rights and interests.

Information Disclosure

In accordance with the relevant regulations for listed companies, Ansteel Group Corporation honors its obligation for information disclosure to protect investors' rights to know about the activities of the company by establishing an effective information exchange platform to ensure that the disclosed information is true, accurate and complete, and that investors can gain timely and fair access

to such information. Ansteel Group Corporation releases its announcements to the public via the media—China Securities and Securities Times, and at the website of Cninfo and Hong Kong Stock Exchange. In 2010, listed companies affiliated to Ansteel Group Corporation disclosed to investors major information regarding their business performance in detail.

Investor Relations

In 2010, Ansteel Group Corporation received 35 groups of over 100 domestic and overseas investors, fund managers and industry analysts, including Goldman Sachs Gao Hua Securities Company Limited, Morgan Stanley, Citibank, CITIC Securities Co., Ltd, Guotai Junan Securities Co., Ltd. and Yinhua Fund Management Co., Ltd. In addition, Ansteel Group Corporation took an active part in the conferences on investment strategies and meetings with investors held by celebrated securities companies both at home and abroad, such as Deutsche Bank AG, Credit Suisse Group AG, CLSA Asia-Pacific Markets and China Merchants Securities Co., Ltd, conducting exchange with institutional investors like fund managers and industry research fellows. Ansteel Group Corporation also attended 128 teleconferences organized by overseas fund managers, industry analysts and investors. Besides, Ansteel Group Corporation made a reply to written and telephone enquiries from investors to ensure effective communication with investors, maintain sound investor relations and create a good corporate image on the capital market.



PanGang Group Company Ltd. Vanadium and Titanium Co., Ltd. held its shareholders' meeting.



Leaders from China Securities Regulatory Commission made an inspection of PanGang Group Company Ltd.

Ansteel Group Corporation, which pays much attention to the communication between employees and the management, encourages them to participate in corporate production and operation. Firstly, the Employees' Congress is regularly held so that the management can solicit the suggestions on the production and operation, reform and renovation, management and innovation, and remuneration and welfare; secondly, a regular discussion is held between the management and

employees to ensure that the management can tune in to their concerns; thirdly, the "reception day" system ensures that the management can seek employees' opinions on all aspects of the company by handling their letters and visits; fourthly, the management collects rationalization proposals from employees. The suggestions collected by the aforesaid means will be adopted by relevant competent departments; employees concerned will be commended for their contribution.



▲ Corporate leaders hold a discussion with model workers.



▲ Corporate leaders conduct exchange with the representatives of employees.

F

Performance Examination and Monitoring System

In 2010, Anshan Iron and Steel Group Corporation implemented its strategic performance management system by creating a closed-loop management process of strategy, budget, examination and remuneration, incorporating strategic orientation into a system for key performance indicators. Performance examination has been undertaken to promote the implementation of strategies to ensure the fulfillment of the corporate targets for production and operation. The strategic performance management system based on the balanced score card has been implemented at Anshan Iron and Steel Group Corporation Headquarters, affiliated secondary and tertiary companies. A total of 42 key factors indicated in the strategic map have been accomplished; 128 out of 131 major performances indicators have been fulfilled, with a completion rate of 97.7%. As a result, major strategic measures with regard to production. internationalized operation, exploitation and management of mining resources, diversified business, technological innovation, reform and reorganization, and management and innovation have been put in place in all regional steel bases. Besides, the economic added value (EVA) has been incorporated into the business examination indicator system for leaders of the subsidiaries; efforts are made to explore an examination program based both on EVA and corporate strategic performance. According to the financial indicators for EVA and implied management philosophies, the Balanced Score Card for EVA 2011 Anshan Iron and Steel Group Corporation, which contains key factors in 9 categories and 145 major performance indicators, signals the establishment of a strategic performance management system based on the value creation. Establishment and Implementation of a Strategic Performance Management System for a Large-sized Iron & Steel Enterprise captured the

second prize for the 17th State-level Enterprise Management Modernization Innovation Achievements Award; in July 2010, Anshan Iron and Steel Group Corporation was conferred the Special Award for Progress in Management 2007-2009 by SASAC for its exceptional ability to keep its asset/liability ratio at a reasonable level and create values.

PanGang Group Company Ltd. conducts an examination over its subsidiaries and affiliated companies on the basis of its overall business targets, highlighting costs and expenses, and focusing on corporate leaders. Efforts are made to raise corporate leaders' awareness of their accountability and to stabilize employees' revenues; cadre appointment and removal depend on the fulfillment of business targets; the examination for companies specializing in the principal business involves profits, costs, sales/output ratio and EVA while that for those engaged in the subordinate business centers on profits and particularly autonomous operation.



▲ Anshan Iron and Steel Group Corporation held a meeting on the EVA examination.

Punishing and Preventing Corruption

System for Punishing and Preventing Corruption

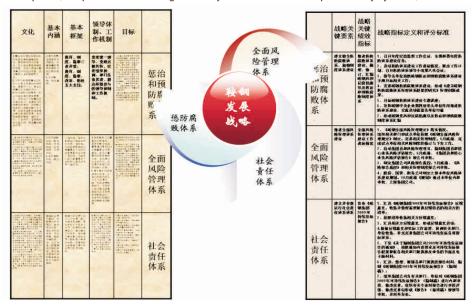
Anshan Iron and Steel Group Corporation has conducted a study on the framework of a management system for punishing and preventing corruption, setting up an institutional structure based on cultural, safeguard and basic measures. Anshan Iron and Steel Group Corporation A-Grade Documents on the System for Punishing and Preventing Corruption—Selection of Regulations on CPC and Political Disciplines, Anshan Iron and Steel Group Corporation B-Grade Documents on the System for Punishing and Preventing Corruption—Compilation of Anshan Iron and Steel Group Corporation Institutions for Improving the CPC's Working Style and Fighting against Corruption, Anshan Iron and Steel Group Corporation Manual for the System Establishment for Punishing and Preventing Corruption, and Anshan Iron and Steel

Group Corporation Manual on Honesty and Integrity, which constitute a framework for a management system, are highly recognized by the Ministry of Supervision. A study has been made on the integration of three systems (the system for punishing and preventing corruption, the corporate risk management system and the corporate social responsibility system) to probe into their respective characteristics. A procurement management information system has been adopted to carry out monitoring in order to nip the corruption in the bud. A visit is paid as an institution to the local courts at all levels every half a year. The "Three System" monitoring mechanism has been improved to tighten control over major management processes and links.

Framework of Anshan Iron and Steel Group Corporation's management system for punishing and preventing corruption



Map of the integrated "Three Systems" (Anshan Iron and Steel Group Corporation's system for punishing and preventing corruption, corporate risk management system and social responsibility system)



Ansteel Group Corporation keeps improving its institutions for punishing and preventing corruption by formulating the Regulations of Ansteel Group Corporation for Implementing the Decision-making Institutions for Major Issues, Important Project Investment, Appointment and Removal of Leading Cadres, and Large-sum Funds Use, the Institutions of Ansteel Group Corporation for the Work of Supervisors for the CPC's Working Style, and Clean and Honest Governance, and the Opinions on Stepping up the Efforts to Deal with All Breaches of Law or Disciplinary Regulations, and modifying the Regulations of Ansteel Group Corporation for Terminating the Labor Contract with Employees Infringing upon the Corporate Rights and Interests. Besides, over 40 discipline inspectors and supervisors from Ansteel Group Corporation attended the training at the training center of the Central Commission for Discipline Inspection of the CPC; 350 discipline inspectors and supervisors participated in the training on mining, steel and metallurgy. In line with the requirements of the Central Commission for Discipline Inspection of the CPC and the Commission for Discipline Inspection of the SASAC, Ansteel Group Corporation has optimized its processes with regard to the system establishment for corruption punishment and prevention, case handling, report through letters and visits, integrity promotion and effectiveness supervision.



▲ Anshan Iron and Steel Group Corporation convened a meeting on discipline inspection and supervision for 2010.



A Anshan Iron and Steel Group Corporation steering group for punishing and preventing corruption held its 7th meeting.



▲ As a director of the group for the system development for punishing and preventing corruption under the SASAC, Anshan Iron and Steel Group Corporation invited 15 central enterprises to hold a symposium on establishing a system for punishing and preventing corruption among central enterprises.



Anshan Iron and Steel Group Corporation was invited to deliver a lecture at a training program for discipline inspection and supervision in Hangzhou Training Center of the Central Commission for Discipline Inspection of the CPC.



Anshan Iron and Steel Group Corporation held a lecture on steel and metallurgy for discipline inspectors and supervisors.



A meeting on Appointment of Supervisors for the CPC's Working Style, and Clean and Honest Governance of Anshan Iron and Steel Group Corporation.

1

Combating Corruption and Upholding Integrity by Punishing Commercial Bribery

The "Seven Combinations" system has been carried out to eliminate the root causes for corruption. In 2010, Ansteel Group Corporation dealt with 69 cases (including 35 major cases), taking disciplinary measures against 126 persons (41 divisional deputy directors or above), imposing criminal liabilities on 18 persons, confiscating illegal earnings and properties of RMB 4

million, and retrieving economic losses of RMB 11.50 million. The "May 26" Case on the Sales of Fake Valves to Anshan Iron and Steel Group Corporation by a Sales Agent from a Company in Wenzhou was dealt with. Proposals have been made on 11 problems concerning accreditation, procurement, inspection and utilization so as to standardize the open tender and appraisal.

Ansteel Group Corporation has brought into full play the "Seven Combinations" system to address

The "Seven Combinations" system, which focuses on analyzing the characteristics of and exploring the root causes for cases, is aimed at improving the existing anti-corruption mechanism in the Corporation.

Connecting the "Two
Investigations for
One Case" with
the responsibility
system for the
CPC's working
style, and clean
and honest
governance:

Making an investigation over the responsibilities of the Corporations' principals for management and supervision as well as on the suspects' acts in violation of the disciplines and the laws

Connecting the "Two Reports for One Case" with the corporate management

Formulating an investigation report and a report on suggestions on management to integrate the case investigation with the improved institutions and the enhanced management

Connecting the
"Two Trainings for
One Case" with
the education on
corruption
prevention and
integrity
promotion

Organizing prospective divisional deputy directors or above and grassroots inspectors to help tackle the cases to raise divisional deputy directors' awareness for abiding by the law and enhance the discipline inspectors' competence in this regard

Connecting the
"Two
Punishments for
One Case" with
the removal of the
mechanism
causing the
corruption

Bringing to justice the corrupters in the Corporation and stepping up the efforts to inflict punishment on the outside institutions and individuals involved in the corruption cases Connecting the
"Two
Constructions for
One Case" with
the institutional
and scientific anticorruption
mechanism

Improving the corporate institutions by tackling cases and tightening monitoring over the positions and links liable for corruption through computer networks

Connecting the "Two
Examinations for
One Case" with
the improvement
of the punishment
and prevention
system

Making an analysis over the causes and patterns for cases and conducting an examination over the punishment and prevention system for the Corporation and its departments as well as over the capacity building for

grassroots

discipline

Connecting the "Two Remedies for One Case" with the efforts by Anshan Iron & Steel Base and Panzhihua Iron & Steel Base to remove the root causes for

corruption

Making a remedy for the vulnerabilities in the anti-corruption system exposed by the cases tackled both at Anshan Iron & Steel Base and Panzhihua Iron & Steel Base to reduce and prevent the occurrence of the cases of the same kind in Ansteel Group Corporation

Training on Honesty and Integrity

In accordance with the *Regulations on Clean and Honest Governance for CPC Cadres*, Ansteel Group Corporation has organized 1,831 discussions on honesty and integrity for the managements at all levels; 976 activities centering on the Regulations have been carried out in the form of lectures, videos and essays; corporate leaders at all levels have participated in the quiz on the Regulations. The responsibility system for improving the CPC's working style, and promoting clean and honest governance and the system for the commitment to honesty and integrity have been implemented for the

managements at all levels; 1,748 letters of responsibility have been signed, and 10,734 persons have made a commitment to honesty and integrity. The examination result will serve as a major yardstick for business assessment and cadre appointment. The communication mechanism for honesty and integrity is strictly enforced; talks have been held with corporate leaders for their appointment for 857 person times, and for giving them a caution for 162 person times. Four special issues for *Honesty and Integrity*, like *One Hundred Major Questions Concerning the Nature, Working Style and Disciplines of the CPC*, and *Employees'*

Infringement upon Corporate Interests Means a Suicide, have been unveiled. The on-site meeting on honesty and integrity is held to spread valuable experience in this regard. Angang Daily has opened a column on corruption prevention and integrity promotion, which has been incorporated into the training for employees. Around 720 PanGang Group Company Ltd. employees attended public trial at the court. SASAC and CPC Sichuan Provincial Commission for Discipline Inspection have sung praises of the achievements scored by Ansteel Group Corporation in integrity promotion.



A Anshan Iron and Steel Group Corporation held an on-site meeting on honesty and integrity.



▲ Anshan Iron and Steel Group Corporation unveiled a special issue for *Honesty and Integrity* for 2010.

Effectiveness Supervision

In 2010, Ansteel Group Corporation exercised effectiveness supervision over 369 projects, avoiding and retrieving economic losses of RMB 100.60 million, making 617 proposals on supervision, and formulating 223 regulations. The SASAC inspection team spoke highly of the endeavor by Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd. to deal with the "off-book accounts".

Effectiveness supervision over "cost reduction and efficiency enhancement" is carried out so that all affiliate companies can tap their potential in this regard to accomplish their annual tasks for production and operation. A special examination has been made over the selection and appointment of personnel. Efforts are made to track down the state-level investment projects

undertaken by Ansteel Group Corporation, and relevant work reports are submitted to SASAC. Effectiveness supervision is conducted over fuels and raw materials. Around 700 spot checks have been implemented over the main kinds of fuels and raw materials, with some suggestions put forward on effectiveness supervision. And 9 administrators have been brought into justice; the qualification of 3 suppliers has been cancelled, avoiding economic losses of over RMB 10 million. Besides, effectiveness supervision is made over the exploitation and protection of mineral resources; concerted action has been taken with public security organs to crack down on the crimes for stealing mineral resources, retrieving economic losses of RMB 3.65 million.

Communication with Stakeholders

While striving to create values, Ansteel Group Corporation, which puts people first and honors its promises, takes into account the demand of relevant stakeholders by enhancing its communication with them and making a prompt response to their concerns so as

to achieve harmonious development with the government, shareholders, customers, suppliers, communities, non-government organizations (NGOs), and other stakeholders.

Communication with Stakeholders

Means of Communication









- Laws and regulations, policies, meetings, symposium, statements, visits, annual conferences with local enterprises, and special liaison agency with local enterprises;
- To achieve steady business growth, pay taxes in accordance with laws, increase employment opportunities, and promoteharmonious development of economy, society and environment for common prosperity;
- To make contributions to a harmonious and resource-efficient society, and the sustained increase of fiscal revenues of local governments, and compliance with laws and regulations;
- Total taxes, job creations, non-profit programs for public good, and environmental indictors;

Investor (represented by SASAC)

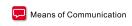
- Laws and regulations, policies, attendance of meetings, resolution implementation, business performance assessment, regular reporting, communications, and statements;
- To enhance profitability and core competitiveness to ensure the value maintenance and appreciation of state-owned assets:
- Production safety, risk control, and enhanced capability for technological innovation to achieve sustainable development, and value maintenance and appreciation of assets;
- Total profits, rate of return on net assets, average owner's equity, ratio of total costs to operating revenues, current asset turnover ratio, main business, revenues, total costs, and aggregate assets and liabilities;



- Shareholders' meeting, information disclosure and written notices to shareholders;
- To enhance corporate value and market capitalization of listed companies, rate of return on investment, and risk avoidance;
- Public disclosure of major information, equal access to opportunities, and protection of shareholders' interests;
- Market capitalization of listed company, rate of return, and rate of return on investment in joint-venture projects;



- Employees' Congress, rationalization proposals, symposium, suggestion solicitation, and communication;
- Stable business and sustained development, sharing of the fruits in reform and development, and more welfare and growth opportunities;
- Occupational training, career development, welfare, and safe and clean working environment;
- Employee satisfaction and loyalty, staff turnover rate, and input into training for employees;











Daily contact with sales representatives, exhibitions, customers' conference, regular visits, and suggestion solicitation;

High-quality and low-price products and services, and more customized services;

To focus on customers' demands, offer customized services, and improve the quality of products and services;

Customer satisfaction;



Field survey, contract negotiation, regular visits, tendering conference, and suggestion solicitation;

To provide long-term services, and achieve stable and sustained earnings;

Reasonable price, stable policies, mutual benefits and win-win results;

Rate for project cooperation and contract execution;



To join associations and/or societies, assume positions, and take an active part in activities;

To fulfill responsibilities in the association and/ or society and play an active role in various professional fields:

To take an active part in activities for environmental protection, economic development and social progress;

Number of the social organizations jointed, the annual fees paid and total sum of money donated;



Press conference, media communication, information exchange and liaison via telephone, emai, fax, letter, visit and website;

To follow the concept of circular economy and green steel, and the path to sustainable development so as to set an example in fulfilling social responsibility;

To release relevant corporate information in a prompt manner;

Number of news released, and collection of and feedback on public opinions;



Joint community development, joint project development, and regular communication;

To promote civilized production and achieve community harmony by providing a clean and healthy living environment:

To make no pollution or damage to environment, and provide resources for harmonious communities;

The amount of input into community development, and the number of pollution complaints;



Zhang Xiaogang, General Manager of Anshan Iron and Steel Group Corporation, attended the Second **Trilateral Business Summit**

On May 30, 2010, the Second Trilateral Business Summit was held in Cheju, Republic of Korea. At the Summit, Zhang Xiaogang, General Manager of Ansteel Group Corporation, put forward constructive suggestions on strengthening exchange and cooperation in Northeast Asia to push forward the establishment of an economic and foreign trade system in this

region. It was expected that enterprises in China. Japan and Republic of Korea would enhance their communication and cooperation to explore a new approach to development against the financial crisis so as to make their due contribution to the sustained and sound economic growth in Northeast Asia.



Strategic Cooperation with stakeholders

Abiding by the national laws and regulations, and other relevant standards, Ansteel Group Corporation sets store by its strategic partnership with local governments, customers, suppliers and partners in pursuit of common development. In 2010, Anshan Iron and Steel Group Corporation concluded a strategic cooperation agreement with People's Government of Fujian Province, Changping District Government, Beijing and People's Government of Anshan as well as China Classification Society, State Development & Investment Corporation and Jilin Horoc Nonferrous Metal Group Co., Ltd.; Anshan Iron and Steel Group Corporation signed three memorandums of cooperation with Steel Development Company, like the Agreement on the Equity Investment Made by Anshan Iron and Steel Group Corporation into Steel Development Company; in accordance with the memorandums, Anshan Iron and Steel Group Corporation would build a deformed steel mill with Steel Development Company in the USA, thus becoming the first Chinese iron & steel enterprise to make an investment in the USA. For joint development and production of high-grade mould fluxes as an auxiliary material for continuous casting in steelmaking. Anshan Iron and Steel Group Corporation made an investment with Stollberg & Samil Co. Ltd. into the establishment of Anshan Iron and Steel

 Anshan Iron and Steel Group Corporation concluded a supplementary agreement with Ying Kou Port Group Corp, on the joint venture contract for ore and rolled steel docks.

Group Corporation-Stollberg & Samil Metallurgical Material Co., Ltd., each holding 50% of the total equities. Anshan Iron and Steel Group Corporation inked the Cooperation Framework Agreement on the Bearing Repair with TIMKEN Company, USA to set up a joint-venture company specializing in bearing repair, 40% of whose total equities would be held by Anshan Iron and Steel Group Corporation and 60% by TIMKEN (China) Company. Anshan Iron and Steel Group Corporation signed a cooperation framework agreement with Anshan Falan Steel Strips Co., Ltd. for the establishment of a joint-venture company manufacturing steel strips of all strengths for packaging purposes. Anshan Iron and Steel Group Corporation concluded the Supplementary Agreement on the Joint Venture Contract for Anshan Iron and Steel Group Corporation International Trade Ying Kou Port Co., and the Supplementary Agreement on the Joint Venture Contract for Ying Kou New Port Ore Dock Co., Ltd. with Ying Kou Port Group Corp., as an improvement, in terms of registered capital, form of contributions and amounts of contributions, of the *Joint Venture* Contract for Anshan Iron and Steel Group Corporation International Trade Ying Kou Port Co., Ltd. and the Joint Venture Contract for Ying Kou New Port Ore Dock Co., Ltd. signed by both parties in June 2008.



▲ Anshan Iron and Steel Group Corporation signed a strategic cooperation framework agreement with Changping District



Exchange with Stakeholders

Ansteel Group Corporation attaches great importance to the exchange with the governments, customers, suppliers, strategic partners and other stakeholders. On April 15, 2010, Li Kegiang, Member of the Standing Committee of the Political Bureau of the CPC Central Commission and Vice Premier of the State Council made an inspection of Anshan Iron and Steel Group Corporation Bayuquan Steel Base. He ordered

that Anshan Iron and Steel Group Corporation should redouble its efforts not only in product quality and corporate management through scientific and technological innovation but also in energy conservation and environmental protection by reducing energy and water consumption per ton of steel to develop low-carbon economy so as to establish an internationally competitive production base for premium rolled

steel. On November 22, 2010, Zhang Dejiang, Vice Premier of the State Council, made an inspection of PanGang Group Company Ltd., singing praises of its achievements over the past few years. He ordered that in line with the Scientific Approach to Development, PanGang Group Company Ltd. should accelerate the transformation of its economic growth mode and achieve the multi-purpose utilization and further exploitation of resources through scientific and technological innovation in R & D of distinctive products. He added that PanGang Group Company Ltd. should step up its efforts to expand its vanadium, titanium and steel industry in order to make greater contribution to the development of the Chinese steel industry. On February 25, 2010, Li Rongrong, former Chairman and CPC Secretary of SASAC, made an inspection of PanGang Group Company Ltd. He ordered that PanGang Group Company Ltd. should grasp the precious opportunity of its consolidation and reorganization with Anshan Iron and Steel Group Corporation to turn losses into profits in its new undertaking by translating its potential advantage into realistic one and special advantage into competitive one. In July 2010, Li Yizhong, former Minister and Party Secretary of Industry and Information Technology, made an inspection of Anshan Iron and Steel Group Corporation Bayuquan Steel Base. He ordered that while maintaining its stable production in Bayuquan Steel Base, Anshan Iron and Steel Group Corporation should strive to make technological innovation to speed up the production of high-added-value products and press ahead with its energy conservation and emission reduction by promoting low-carbon economic development so as to enhance its overall competitiveness.

In 2010, principal leaders from Sichuan Province and cities of Panzhihua, Anshan, Liaoyang, Yingkou, Chaoyang and Chengde paid a visit to Anshan Iron and Steel Group Corporation in succession, making exchange with the corporate Management on issues of common concern. Anshan Iron and Steel Group Corporation conducted cooperation with Sinosteel Corporation, Dalian Port Corporation Limited, Huaibei Coal Mining Group, CMI Corporation, Belgium, Vesuvius Group, UK, Posco China Co., Ltd. and other partners in pursuit of common development. Liu Qibao, Secretary of CPC Sichuan Provincial Committee, and Jiang Jufeng, Governor of Sichuan Province, made an inspection of the construction site of PanGang Group Company Ltd. Xichang Vanadium & Titanium Multi-purpose Utilization Project, speaking highly of the considerable progress in this regard.

- 1.Li Keqiang, Vice Premier of the State Council, made an inspection of Anshan Iron and Steel Group Corporation.
- 2.Zhang Dejiang, Vice Premier of the State Council, made an inspection of PanGang Group Company Ltd.
- Li Rongrong, former Chairman and Party Secretary of SASAC, made an inspection of PanGang Group Company Ltd.
- 4.Li Yizhong, former Minister of Industry and Information Technology, made an inspection of Anshan Iron and Steel Group Corporation.
- Corporate leaders, together with Sichuan Provincial Leaders, planted trees in token of friendship between Ansteel Group Corporation and Sichuan Provincial Government.











Participating in Activities Organized by Associations/Societies

${\it Major\, Associations/Societies\, Joined\, by\, Ansteel\, Group\, Corporation}$

No.	Name of Association /Society	Ansteel Group Corporation's Status in Association/Societ	Association/Society's Tasks	
1	World Steel Association	Member	To promote exchange and cooperation among international iron & steel enterprises;	
2	Vanadium International Technical Committee	President	To promote the scientific and technological progress of the international vanadium industry and facilitate the application of vanadium;	
3	China Enterprise Confederation; China Enterprise Directors Association	Vice-President	To promote institutional, management, and technological innovation;	
4	China Federation of Industrial Economies	Vice-President	To promote China's modernization, institutional reforms in industrial management, and scientific and technological innovation;	
5	China Iron & Steel Association	Vice-President	To establish and enhance industrial coordination and self-discipline, and promote the sustainability of Chinese iron & steel enterprises, to enhance their competitiveness;	
6	The Chinese Society for Metals	Deputy Director-General	To promote technological exchange and cooperation in metallurgical technologies and manufacturing;	
7	China Tendering & Bidding Association	Executive Director	To organize tendering and bidding, and promote exchange and cooperation in industry management;	
8	China Occupational Safety and Health	Executive Director	To promote production safety and occupational safety and health;	
9	The China Association for Labor Studies	Vice-President	To promote labor studies, consultation, publicity and exchange;	
10	China Association of Chief Financial Officers	Vice-President	To promote scientific management and internal control, and improve financial management;	
11	China Audit Society	Director	To promote audit research and exchange, and the development of the audit industry;	
12	The Chinese Tax Institute	Director	To study taxation theories, policies, and institutions, and conduct academic exchanges in economics and taxation;	
13	China Price Association	Director	To study price theories, policies, and conduct academic exchanges and cooperation;	
14	China Association for Quality	Member	To conduct national quality advancement programs, and promote advanced concepts, methods and technologies for quality;	
15	China Association of Plant Engineering	Vice-President	To promote the modernization of equipment management, and conduct exchange and cooperation in equipment management;	
16	China Institute of Internal Audit	Director	To promote self-discipline for internal audit to ensure the independence and authoritativeness of internal audit;	
17	China Metallurgical Construction Association	Vice-President	To promote the sustainable and sound development of the metallurgical construction industry;	
18	China Group Companies Association	Vice-President	To promote the establishment of modern corporate systems in large companies, conglomerates and leading companies;	
19	China Enamelware Industry Association	Member	To advance the application of new technologies, equipment and materials, and make proposals on the adjustment of the product mix and technological upgrading of products;	
20	Wire Rod Product Branch Association of China Steel Construction Society	Director-General	To protect industrial interests and promote industrial development by performing its function of organization, coordination and information exchange;	

Joining and Supporting the World Steel Association

Anshan Iron and Steel Group Corporation, which joined the World Steel Association in October 2004, has long been engaged in its activities and committed to conducting a study on the major risks for the steel industry in the future. Anshan Iron and Steel Group Corporation, which pays much attention to exchange and cooperation with iron & steel enterprises and relevant organizations, has made its contribution to the sound and sustainable development of the steel industry. In October 2010, Zhang Xiaogang, General Manager of Ansteel Group Corporation, was selected as Vice President of the World Steel Association at its 44th Annual Meeting. In addition, he serves as member of the Council and Executive Committee as well as President of Training Committee of the World Steel Association.

Organizing the 5th Experts' Meeting on Advanced Technologies for Environmental Protection and Energy Conservation for Chinese and Japanese Steel Industry

On April 27, 2010, the 5th Experts' Meeting on Advanced Technologies for Environmental Protection and Energy Conservation for Chinese and Japanese Steel Industry organized jointly by China Iron & Steel Association and the Japan Iron and Steel Federation was held in Anshan Iron and Steel Group Corporation, with the presence of over 100 experts from 25 iron & steel enterprises and research institutes in China, such as Anshan Iron and Steel Group Corporation, Wuhan Iron and Steel (Group) Corp., Shougang Group and China Metallurgical Industry Planning and Research Institute as well as 26 experts and governmental representatives from 6 iron & steel enterprises, such as Nippon Steel Corporation, JFE Steel Corporation and Sumitomo Metal Industry, Ltd. Through technological exchange and discussion, China and Japan reached consensus in relevant measures for promoting environmental protection and energy conservation, and tackling global warming.

Organizing the 17th Academic Annual Meeting of Materials Committee of SAE-China

On October 13, 2010, the 17th Academic Annual Meeting of Materials Committee of SAE-China jointly organized by Society of Automotive Engineers of China (SEA-China) and Anshan Iron and Steel Group Corporation was held in Anshan Iron and Steel Group Corporation, with the presence of some 130 domestic and foreign experts and representatives from the automotive and metallurgical industries, and relevant colleges and research institutes. Centering on the theme of "Materials for Automotive Bodies, Engines and Relevant Technologies", experts from enterprises and research institutes, such as Anshan Iron and Steel Group Corporation, China Automotive Engineering Research Institute, China FAW Group Corporation, Baosteel Group Corporation, Kobe Steel Group and Dongfeng Motor Corporation, conducted in-depth discussions on projects, such as Status Quo of and Schedule for High-quality Automotive Sheets, Performance of Automotive Sheets Made of Aluminum Alloy and Their Application, Research into the Ferrite Stainless Steel for Car Exhaust System, and Approaches to Research into the Technologies for Automotive Lightweighting.



▲ The 17th Academic Annual Meeting of Materials Committee of SAE-China was held at Ansteel

Responsibility for Customers

Marketing Philosophy

Ansteel Group Corporation takes as its marketing philosophy "customer-friendly service and win-win cooperation". The demands of customers are what we make utmost efforts to satisfy; the standards and plans of customers are also what we

try every means to follow; the interests of customers are also what we do our best to safeguard. Therefore, the customer satisfaction strategy has been implemented across the board.

Marketing Management System Establishment

By integrating its internal resources in marketing, Anshan Iron and Steel Group Corporation has implemented the strategies in channels, marketing, price, products, services and brands according to the general marketing strategy, establishing a marketing control and management system featuring fusion of production and sales, and cooperation among marketing units based on the overall planning of Ansteel Group Corporation.

Firstly, setting up a platform for marketing information;

A resource sharing platform for internal marketing information has been set up to fulfill exchange and cooperation in market analysis with domestic and overseas steel websites and typical steel mills:

Secondly, forming a decision-making mechanism for pricing based on the overall planning of Ansteel Group Corporation to render price management more efficient and swift;

Thirdly, making an overall planning of the strategy industry management;

An institution has been established to analyze and predict the changes in industrial sales, customers' demands, variety steel prices and profits on a monthly, quarterly and yearly basis in order to optimize the corporate marketing strategies in a timely manner and enhance the competitiveness of Anshan Iron and Steel Group Corporation products;

Fourthly, establishing a system for allocation of marketing resources based upon the overall planning of Ansteel Group Corporation to maximize economic benefits:

Fifthly, strengthening corporate brand promotion;

Resources for and means of brand communication have been integrated to enhance the popularity and reputation of Anshan Iron and Steel Group Corporation brands.

Marketing Network Establishment;

Anshan Iron and Steel Group Corporation owns six sales companies located in Northeast, North, East, South and West China, 9 overseas sales companies in USA, Europe, Republic of Korea, Japan, Hong Kong, Australia, India, the Middle East and Spain, and 2 ocean shipping companies in Dalian and Bayuquan. Anshan Iron and Steel Group Corporation Spain SL, established in Spain jointly by Ansteel Group Corporation and Stemcor Group, UK, is the first overseas joint-venture sales company of Ansteel Group Corporation. COSCO Anshan Iron and Steel Group Corporation Shipping Company is established in Dalian. In

addition, there are 9 steel service companies in Changchun, Shenyang, Dalian, Tianjin, Shandong and Shanghai.

PanGang Group Company Ltd. owns sales companies in Chengdu, Chongqing, Kunming, Beijing, Changsha and Liuzhou as well as in East China and South China, and subsidiaries in Hong Kong, Europe and Americas. Its domestic marketing network covers main regions in China while its overseas marketing network incorporates Europe, Southeast Asia and Americas

Major Products

Anshan Iron and Steel Group Corporation boasts around 40 coking and chemical products as well as iron & steel products of 50,000 specifications with 850 steel grades in 150 categories of 16 varieties, including a complete series of products, such as hotrolled coils and sheets, cold-rolled sheets, galvanized sheets, color coated sheets, cold-rolled silicon steel, heavy rail, medium and heavy plate, seamless pipes, and steel wire rod and wire rope. These products find their extensive application in mechanical, metallurgical, petroleum, petrochemical, coal, power, railway, shipbuilding, automotive, construction, household electrical appliances, and aerospace and national defense industries. In addition, Anshan Iron and Steel Group Corporation is engaged in the R & D and production of special iron & steal

products to meet with the demands of some customers and requirements of state-level engineering projects.

PanGang Group Company Ltd. products, which take on distinctive features, include vanadium series like vanadiumnitrogen alloy, vanadium pentoxide and high-vanadium iron; titanium series like high-titanium slag, titanium dioxide, titanium sponge and rolled titanium; section steel series like steel rails for high-speed railways, 310 Z-shaped steel and oxygen cylinder base; sheet series like sheets for automotive frames, highstrength and deep drawing galvanized sheets, GL sheets and other hot-rolled and cold-rolled sheets; pipe series like quality seamless steel pipes; special steel like high-temperature alloys and die steel; and quality steel rebar and wire rod.

Consumer Service System Establishment

Anshan Iron and Steel Group Corporation has established an "Excellent Service" System geared to the demands of consumers, which covers all links in value chains. In line with its marketing idea of "EVI, Brand Marketing, Extended Services and Value Appreciation", Anshan Iron and Steel Group Corporation strives to provide customers with value-added services to promote its corporate brand and enhance the competitiveness of its products. Five EVI teams have long been engaged in R & D of automotive steel, shipbuilding steel, nuclear power steel, high-grade tire cord steel and weathering steel by bringing into full play the integration of "production, sale and research". The pre-sale, in-sale and after-sale service system have been improved to maximize the coordination among industrial managers, technological experts, and administrative staff for contracts and logistics. The "one-stop" product sale offers customers value-added services, enhancing the popularity and reputation of Anshan Iron and Steel Group Corporation brands. In 2010, knock-out products of Anshan Iron and Steel Group Corporation set a record high in sale, among which steels for household electrical appliances, shipbuilding and containers ranked No.1 on the domestic market while automotive steels ranked No.2.

PanGang Group Company Ltd. has set up a customer service center, which serves as a bridge connecting manufacturers, R & D departments, quality management departments and customers. Efforts have been made to explore the best mode of supply. PanGang Group Company Ltd. has adopted a grid approach to service management that features pre-sales evaluation and on-site investigation. A prompt response is given to the feedback from customers so that they can enjoy timely and quality services. A preliminary analysis and selection of raw materials for products are made through product tracking, special improvement and technological exchange so as to provide customers with better pre-sale, in-sale and after-sale services. In 2010, PanGang Group Company Ltd. rendered special technological services to FAW-GM Hongta Yunnan Automotive Co., Ltd., Dongfeng Liuzhou Motor Co., Ltd., Sichuan Changhong Electronics Group Corp., TCL Group Corporation, Panpan Securities Industry Co., Ltd. and other customers.

Ansteel Group Corporation has standardized the procedures for handling complaints from customers by specifying the entitlement of relevant staff, the time required for a reply and detailed methods. A customer service hotline "8008900858" has been opened to handle customers' complaints and feedback. An information feedback mechanism has been formed to give customers' feedback to companies concerned through IT technologies to improve their products and services to ensure that their complaints can be handled without delay.

Ansteel Group Corporation has established a strict system for customer information, by which the business executive shall be responsible for keeping secrets. In order to protect customer information, the entitlement to customer management has been restricted and the access of the sales management system to the internet prohibited. In 2010, no customer information leak occurred in Ansteel Group Corporation.

Exchange and Cooperation with Customers

Ansteel Group Corporation is committed to providing premium cold-rolled coils and sheets for customers by tightening control over quality management so as to meet with their demands.



▲ The heavy rails of Ansteel Group Corporation are exported to the USA, Brazil, Australia and other countries.

Customer Satisfaction Management

In line with its marketing philosophy of "customer-friendly service and win-win cooperation", Ansteel Group Corporation has established long-term strategic partnership with many domestic and overseas renowned enterprises.

Anshan Iron and Steel Group Corporation has signed a long-term strategic cooperation agreement with China National Petroleum Corporation, China Petrochemical Corporation, China FAW Group Corporation, CIMC and other celebrated enterprises both at home and abroad. In 2010, AnGang Steel Co., Ltd. was conferred the honorary title of "excellent supplier" by SINOPEC Gas Company.

PanGang Group Company Ltd., which has intensified its cooperation with customers for many years, has forged strategic partnership with dozens of enterprises, such as CHANA International Corporation, Haier Group Co., Ltd., Sichuan Changhong Electronics Group Corp., Midea Group, Gree Electric Appliances Inc., China Railway Material Group Co., Ltd. and SANY Group Co., Ltd. In 2010, PanGang Group Company Ltd. concluded a strategic cooperation agreement with China Railway Trading Co., Ltd, which became the third strategic dealer of PanGang Group Company Ltd. for its steel rails. PanGang Group Company Ltd. provided technological services for and conducted technological exchange with its customers, such as Gree Electric Appliances Inc., CHANA International Corporation, FAW-GM Hongta Yunnan Automotive Co., Ltd, Dongfeng Liuzhou Motor Co., Ltd. and Midea Group. Besides, China Changan Automotive Group made an assessment of its suppliers, among which PanGang Group Company Ltd. ranked No.1 with a result of 93.6 points; hence, PanGang Group Company Ltd. became its excellent supplier.



▲ Corporate leaders conducted exchange with their counterparts from Taiyuan Heavy Machinery Group Co., Ltd.

Anshan Iron and Steel Group Corporation keeps improving its mechanism for customer satisfaction management. According to the annual feedbacks on its services collected from customers, Anshan Iron and Steel Group Corporation takes measures to strengthen the weak links in its service process. In 2010, the customer satisfaction for Anshan Iron and Steel Group Corporation rose from 93.09% in 2009 to 94%. PanGang Group Company Ltd. has formulated the Standards for Classification of Customers and Customer Satisfaction Management. A customer satisfaction assessment is conducted on a regular basis for PanGang Group Company Ltd. to make a continuous improvement of its products and services in line with customers' demands and expectations so that the customer satisfaction can



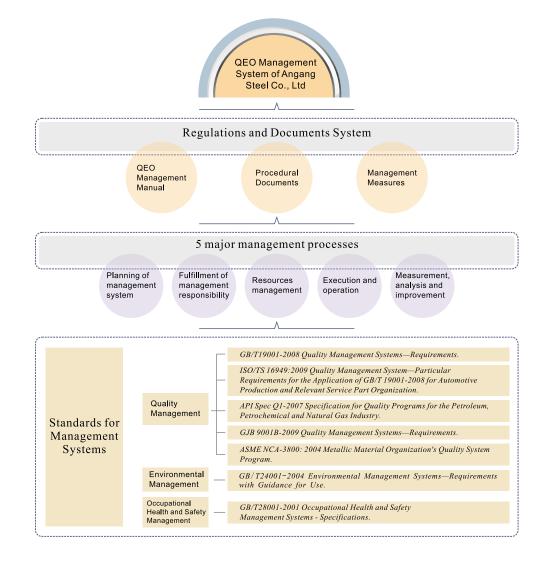
PanGang Group Company Ltd. signed a contract on the procurement of steel rails for the railways in Venezuela with China Railway Group Limited.

be maintained at a high level.

Management System Certification

AnGang Steel Co., Ltd. keeps improving its QEO management system involving 5 major management processes, namely planning of management system, fulfillment of management responsibility, resources management, execution and operation, and measurement, analysis and improvement, QEO, which stands for "Quality, Environment and Occupational Health and Safety", highlights the guiding principle for the management system-"Much room for innovation in quality, health and environment; Great responsibility for customers, employees and the society". AnGang Steel Co., Ltd. has obtained the certification of GB/T19001-2008 Quality Management System, GB/T24001-2004 Environmental Management System and GB/T28001-2001 Occupational Health and Safety Management System: cold-rolled automotive sheets have obtained the certification of ISO/TS16949 Quality Management System-Particular Requirements for the Application of ISO9001 for Automotive Production and Relevant Service Part Organization, and petroleum pipes and line pipes the API Monogram Licensing Program. In 2010, Angang-Tiantie Sheet Cold Rolling Company obtained the certification of

GB/T19001-2008 Quality Management System, GB/T24001-2004 Environmental Management System and GB/T28001-2001 Occupational Health and Safety Management System. In 2010, PanGang Group Company Ltd. Quality Management System updated by the third party passed the examination, and Safety and Environmental Protection System passed the annual examination; the steel rails manufactured by PanGang Group Company Ltd. won the Certificate for the Exemption from Export Inspection issued by General Administration of Quality Supervision, Inspection and Quarantine, with a qualification for three-year exemption from export inspection; thus, PanGang Group Company Ltd. became the only steel rail manufacturer in China to be qualified for the exemption from export inspection; PanGang Group Company Ltd. Chengdu Steel & Vanadium Co., Ltd. obtained the Certificate of Authority to use the Official API Monogram; PanGang Group Company Ltd. Sichuan Changcheng Special Steel Co., Ltd. obtained the Certificate of Works Approval issued by China Classification Society.



AnGang Steel Co., Ltd. was conferred the 10th China Quality Award.

In order to live up to its mission of "building China into a mighty country of iron and steel in the interest of the society", Anshan Iron and Steel Group Corporation has established long-term and win-win partnership with its customers and provided them with quality products. Anshan Iron and Steel Group Corporation tightens control over quality management in R & D of new products. In October 2010, AnGang Steel Co., Ltd. was conferred the 10th China Quality Award, thus becoming the only enterprise in Northeast China to have achieved such honor.

Anshan Iron and Steel Group Corporation sets store by its brand promotion. The "Wire Rod by High-Speed Twistless Hotrolled Controlled Cooling" and the "Steel Wire Ropes for Important Purposes" were accredited as brand-name products in Liaoning Province. Ship sheets, pipeline steel, color coated sheets, cold-rolled sheets, heavy rails and containers captured the "Golden Cup" Award for metallurgical products of high quality; ship sheets also won the Top Quality Award.





Procurement Management

Establishment of a Management System for Centralized Procurement

To bring into full play the large-scale procurement and management synergy, Ansteel Group Corporation has established a management system for centralized procurement geared to its cross-regional, multi-base and internationalized operation so as to enhance its capability for resources integration, demand satisfaction, value creation, system coordination and process control.

In 2010, in line with the principle of "Separation of Management and Execution, Separation of Procurement and Tendering, Functional Restriction, and Effective Collaboration", Anshan Iron and Steel Group Corporation established a procurement management system featuring "two-level management and two-level procurement", and carried out centralized procurement of bulk, general and special goods. According to the original

processes for procurement, Anshan Iron and Steel Group Corporation established new processes for 20 procurement objectives in terms of supplier management, procurement plan management, and bidding and tendering management, and compiled the *Manual for the Business Process for Procurement*, laying a solid foundation for the smooth operation of its new approach to procurement management. PanGang Group Company Ltd. carried out a reform of its procurement management. All goods required for PanGang Group Company Ltd. PanZhihua Steel & Vanadium Co., Ltd. and bulk fuel and raw materials for PanGang Group Company Ltd. Chengdu Steel & Vanadium Co., Ltd. would be incorporated into centralized procurement made by PanGang Group Company Ltd. Steel Vanadium & Titanium Co., Ltd.

Tendering System for Procurement

In 2010, in order to standardize the tendering procedures for procurement, in line with its principle of "separation of procurement and tendering", Anshan Iron and Steel Group Corporation set up two tendering platforms for procurement, namely the Tendering Center for Procurement for domestic goods

and Anshan Iron and Steel Group Corporation International Tendering Center for imported goods. PanGang Group Company Ltd. transformed its original tendering agency for procurement into a tendering platform for goods in excess of the quota.

Supplier Management

In order to create an environment-friendly supply chain for green procurement, Ansteel Group Corporation implemented a strict evaluation of suppliers in terms of qualification and capability, product quality, contract execution, after-sale services, environmental protection, integrity and honesty, and social responsibility in the process of procurement. And a catalogue of qualified suppliers has been formed on the base of the category of goods. Such catalogue will not include the name of the supplier that neither holds a state-accredited qualification nor has a capability for production safety and social responsibility fulfillment. The supplier that manufactures flammable, explosive, toxic or hazardous products or those harmful to the environment,

and occupational health and safety is required to obtain a relevant management system certification, capable of recycling and treating packaging and wastes. In addition, Ansteel Group Corporation has signed an integrity agreement with suppliers for the sake of fair competition and commercial bribe elimination. The supplier violating the terms specified in the above agreement in procurement will be removed out of the list of qualified suppliers. In 2010, a panel team set up by Anshan Iron and Steel Group Corporation made a rating of its suppliers in terms of resource availability, corporate capability, integrity and honesty, and social responsibility fulfillment, picking out strategic and major suppliers.

Strategic Cooperation with Suppliers

In 2010, Ansteel Group Corporation focused its attention on the establishment and development of its long-term strategic partnership with suppliers in order to create the most competitive supply chain for long-term steady and safe material supply, including domestic and foreign leading companies, such as Shanxi Material Industry Group Co., Ltd., Yangquan Coal Industry Group and Huaibei Coal Mining Group; Shanxi Coking Coal Group, China National Petroleum Corporation, China Petrochemical Corporation, BHP Billiton and Companhia Vale do Rio Doce. In line with its principle and the market mechanism of "moderate concentration and orderly competition", PanGang Group Company Ltd. concluded cooperation agreements with strategic suppliers for the sake of long-term resource availability, such as Sichuan Huidongman Yingou Mining Group Co., Ltd., Panzhihua Yili Mining & Smelting Co., Ltd., Sichuan Xinfu Mining Co., Ltd., and Huaping County Yongxing Coal Co., Ltd..



Anshan Iron and Steel Group Corporation concluded a medium and long-tern agreement on coal procurement with Huaibei Coal Mining Group.



▲ Plant Area of PanGang Group Company Ltd. Chengdu Steel & Vanadium Co., Ltd.

03 Business Chapter Performance



0.35

5.92

Major Business Indicators

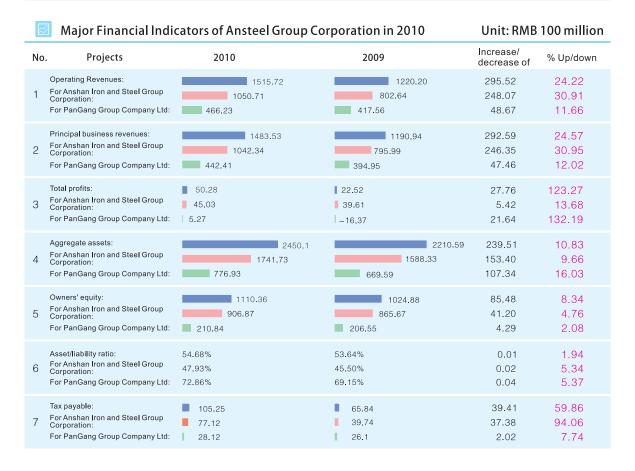
Titanium dioxide (PanGang Group Company Ltd.)

6

6.26

Product Sales of Ansteel Group Corporation in 2010 Unit:10,000 tons Increase/ No. Project 2010 2009 % Up/down decrease of Iron output : 3073.16 2885.9 6.49 187 26 For Anshan Iron and Steel Group Corporation: 2222.14 2050.95 171.19 8.35 For PanGang Group Company Ltd: 851.02 834.95 16.07 1.92 Steel output : 3021.99 2830.64 191.35 6.76 For Anshan Iron and Steel Group Corporation: 2180.33 8.33 2012.66 167.67 2 For PanGang Group Company Ltd: 841.66 817.98 23.68 2.89 Rolled steel output : 2651.52 225.41 8.5 For Anshan Iron and Steel Group Corporation: 2089.65 1899.79 189.86 9.99 3 787.28 751.73 For PanGang Group Company Ltd: 35.55 4.73 Rolled steel sales : 2876.08 2645.63 8.71 230 45 For Anshan Iron and Steel Group Corporation: 4 2093.63 1890.66 202.97 10.74 For PanGang Group Company Ltd: 782.45 754.97 27.48 3.64 High-Vanadium iron (PanGang Group Company Ltd.) 32.47 0.63 2 57 1.94

5.91



Taxes and Financing



Tax Payment Policy

Ansteel Group Corporation pays taxes in accordance with the relevant national laws and regulations, including the value added tax rate of 17%, and enterprise income tax rate of 25% (15% for some companies affiliated to PanGang Group Company Ltd.

entitled to preferential policies for their engagement in the Grand Development of the Western Region in China). And the business tax is paid at the tax rate stipulated in the relevant tax category.



Financing Management

In line with the principle of centralized management of funds, Ansteel Group Corporation exercises unified management over the external borrowing, bank acceptance drafts, letters of credit, bond issuance, external guarantee and financing leasing. All affiliated companies are required to submit their applications for financing budgets according to the requirements of comprehensive budget management. On the basis of the bank credits, Ansteel Group Corporation will make a unified arrangement of their financing approaches and channels, and set up a reasonable loan structure to avert financial risks. In 2010, on the base of its strategic cooperation agreements signed with some large banks, Ansteel Group Corporation furthered its

strategic cooperation with China Development Bank, acquiring more overall credit lines.

In 2010, Anshan Iron and Steel Group Corporation issued the short-term financing bonds of RMB 3 billion and medium-term notes of RMB 5 billion, and obtained the approved quotas of short-term financing bills of RMB 8 billion (RMB 4 billion issued in 2010) to replace the expired ones; Anshan Iron and Steel Group Corporation signed a consortium Ioan agreement of US Dollar 1200 million for Karara Iron Ores Mine Project in Australia; PanGang Group Company Ltd. issued three-year medium-term notes of RMB 2 billion.

Capital Operation

In order to push forward the integration of Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd. in assets, resources and business, Ansteel Group Corporation has determined to carry out an assets replacement between Pangang Vanadium and Titanium Co., Ltd., and Anshan Iron and Steel Group Corporation to give full play to the economy of scale and the synergy effect; while retaining its business assets of mine, vanadium and titanium, Pangang Vanadium and Titanium Co., Ltd. has replaced its steel-related business assets with the 100% equities respectively of Ansteel Group Corporation Anqian Mining Co., Ltd., Ansteel Group Corporation Hong Kong (Holdings) Limited and Ansteel Group Corporation Investment (Australia) Pty Ltd. held by Anshan Iron and Steel Group Corporation. As a result, the principal business of Pangang Vanadium and Titanium Co., Ltd. has witnessed its transformation toward iron ore mining.

titanium concentrate ore purification, manufacturing and processing of vanadium and titanium products, and R & D and application of augmented products of vanadium and titanium, thereby ensuring the independent business of listed companies subordinate to Ansteel Group Corporation, enhancing their valuation, and achieving the value maintenance and appreciation of state-owned assets.

In 2010, Anshan Iron and Steel Group Corporation made a subscription of 9.70 million shares in their non-public offering by Jilin Jien Nickel Industry Co., Ltd., accounting for 1.196% of the total equities after such issuance; 167 million Hong Kong shares of China Datang Corporation Renewable Power Co., Limited; 594 million A-Share stocks in their IPO by Agricultural Bank of China.

-Technological Innovation



Technological Innovation System

Ansteel Group Corporation keeps strengthening the establishment of its R & D system, in which the enterprise serves as a main actor to promote innovations, the corporate technological center plays a pivotal role in carrying out innovations, engineering and technical personnel constitute a team for innovation, and professors and experts from national prestigious universities and research institutes provide supports for innovation. In 2010, in order to bring into full play the integration of "production, sale, R & D and application", Ansteel Group Corporation set up a joint laboratory for automotive steel with China FAW Group Corporation and a joint laboratory for household electrical appliance steel with Changhong Electric Co., Ltd., and concluded strategic cooperation agreements with China Classification Society and Liaoning Provincial Communication Planning & Design Institute, with a strong capability for R & D. In

order to keep abreast of the development of frontier technologies and build a platform for technological cooperation, Ansteel Group Corporation conducted in-depth technological exchange in the technique for high-strength steel and technology for non-blast-furnace ironmaking with U.S. Steel, Kobe Steel Group, Posco China Co., Ltd. and other iron & steel enterprises; celebrated scientists both at home and abroad were employed as technical consultants to Ansteel Group Corporation; cooperation agreements were signed with experts and professors from international universities and research institutes; EVI for R & D of new products was strengthened; R & D teams for automotive and shipbuilding steel were set up. By the end of 2010, there had been 6,998 R & D personnel in Ansteel Group Corporation, making up 3.34% of total employees.

Much headway has been made in the establishment of R & D institutions. Research into Technologies for Preparation of Raw Materials for Blast Furnace Ironmaking and Construction of the Relevant Platform, a project for innovation capacity-building undertaken by Anshan Iron and Steel Group Corporation for State-Accredited Enterprise Technology Centers, has been examined and approved by the State; Anshan Iron and Steel Group Corporation Research Academy of Future Iron and Steel has settled down in the Future Science & Technology Park; Ansteel Group Corporation has set up the Research Institute for Steel for Automotives and Household Electrical Appliances, Research Institute for Environment and Resources, and Research Institute for Pilot Experiments as well as the Laboratory for Simulation of Stamping and Molding of Automotive Steel Sheets, Laboratory for Spot Welding of Sheets and Laser

Processing Technologies, Laboratory for Special Properties, Laboratory for Surface Treatment of Steel Sheets for Automotives and Household Electrical Appliances, and Laboratory for Hot-Dip galvanized products and Electro-galvanized products; the State Key Lab of Multi-purpose Utilization of Vanadium and Titanium Resources has started construction upon approval from the Ministry of Science and Technology; PanGang Group Company Ltd. Working Stations for Academicians and Experts has been founded; four pilot production lines have been put into operation, namely the New Techniques for Multi-purpose Utilization of Vanadium and Titanium Magnetic Iron Ore, Preparation of High-Grade Titanium-Rich Materials, High-Temperature Carbonization of Blast Furnace Slag and Extraction of Titanium Tetrachloride through Low-Temperature Chlorination, and Clean Production of Vanadium Oxide.

1 2

- Anshan Iron and Steel Group Corporation held a meeting on scientific and technological innovation.
- 2.An appraisal meeting on the feasibility of the construction program for the State Key Lab of Multi-purpose Utilization of Vanadium and Titanium Resources of PanGang Group Company Ltd.







Achievements in Technological R & D

Ansteel Group Corporation, which attaches considerable importance to technical innovation, keeps increasing its input into technological R & D. In 2010, the investment made by Ansteel Group Corporation to science and technology reached RMB 6640 million (RMB 5312 million for Anshan Iron and Steel Group Corporation and RMB 1328 million for PanGang Group Company Ltd.), accounting for 4.53% of revenues from its principal business (5.18% for Anshan Iron and Steel Group Corporation and 3.01% for PanGang Group Company Ltd.). Much progress was made in technological R & D. The Technological Research into Anshan-style Highly-Efficient Separation of Carbonate-Containing Hematite Iron Ore managed to achieve a separation of carbonate-containing hematite iron ore, thus making a great breakthrough in mining technique for refractory iron ore in China; Research into and Application of Deep Processing Technique and Equipment for Steel Slag Products Obtained through Magnetic Separation achieved the high-grade recycling of granulated iron and magnetic powder, fulfilling the development and application of desulphurized slag and zero emission of wastes after scrap steel purification; Anshan Iron and Steel Group Corporation

became the first Chinese steel enterprise to have seen its Q500qE steel pass the technological examination over the 500Mpa-level railway steel by the Ministry of Railways: Anshan Iron and Steel Group Corporation manufactured special steel for testing of key equipment for the nuclear island as a domestic substitute and the advanced forging for the main pipes of the nuclear power station, thus fulfilling independent R & D of the third-generation nuclear power technologies and the homespun key nuclear power equipment; the Accelerated Cooling System for 4,300-mm Rolling Mills for Medium and Thick Plates was developed; Anshan Iron and Steel Group Corporation succeeded in achieving an independent integration of the Control System for the 1700 Production Line for Continuous Casting and Rolling of An-Ling Steel Co., Ltd.; considerable breakthroughs were made in technical researches into the reduction of iron & steel consumption in the complete process of steelmaking, highlyefficient automation of steelmaking, rolling of high-precision steel rails, and highly-efficient rolling and heat treating of seamless steel pines



- New Production Line for 600,000-ton Steel Wire Rods of Anshan Iron and Steel Group Corporation.
- 2.Production line for seamless steel pipes of PanGang Group Company Ltd.
- 3.The production line for wide and thick plates in Anshan Iron and Steel Group Corporation Bayuquan Steel Base is the only one in China that is capable of rolling 4,800~5,300 mm width plates.







Ansteel Group Corporation undertook national technological R & D projects. Angang undertook two out of the first batch of five demonstration projects for low-carbon industrialization in the steel industry from the National Development and Reform Commission, like the Low-Carbon Steel Processing Technique Development and Demonstration Projects; two out of five priority projects in the steel industry subsidized by the Supporting Program of the Twelfth Five-Year Plan for Scientific and Technological Research from the Ministry of Science and Technology, like the Development of Technologies for Reduction and Application of Carbon Dioxide Emissions from Blast Furnaces; five projects for major technological innovation and industrialization from the Ministry of Finance, like the Technologies for Reduction and Application of Emissions from Iron

Tailings; the Core Technologies for the Sheet-Shape Control System for Cold-Rolling Mills obtained financial support from the National Special Funds for Technological Innovation.

Ansteel Group Corporation participated in the formulation and modification of national and industrial standards. In 2010, Anshan Iron and Steel Group Corporation completed the formulation and modification of six national and industrial standards, such as the National Standards for Nuclear Power Steel Sheets, the Steel/Aluminum Compound Steel Strips, and Standard Diagrams for Macrostructure and Defect in Continuous Casting Slab by the Cold Acid Etching. The Hot-Rolled Sheets and Strips of Carbon Structural Steels and High-Strength Low Alloy Structural Steels formulated by Anshan Iron and Steel Group Corporation won the China Standard Inprovation Award



Technological Innovations by Employees

In celebration of the 50th anniversary of the promulgation of the *Charter of Anshan Iron and Steel Company*, Anshan Iron and Steel Group Corporation designated 2010 as "*Year of Technological Innovations by Employees*", in which employees took an active part in technological innovation, inventions and creations, and submission of rationalization proposals.

In 2010, the Technological Association of Employees was set up for technological discussion on and researches into thorny issues in production. A total of 40 technological problems were tackled, which brought about economic benefits of RMB 8.17 million; 996 technological innovation teams were formed among employees; 199 applications were made for advanced operational procedures; in the appraisal of technological breakthroughs, 261 technicians from Anshan Iron and Steel Group Corporation were conferred awards for 147 achievements, which translated into economic benefits of RMB 43.10 million; employees were encouraged to make rationalization proposals on production cost reduction and economic performance enhancement; the year 2010 saw 30,023 rationalization proposals from Anshan Iron and Steel Group Corporation employees: among them, those who came up with 10 best proposals and 490 excellent ones, together with 7 outstanding organizing agencies and 29 organizers, were

commended. The year 2010 witnessed the submission of 48,739 rationalization proposals from PanGang Group Company Ltd. employees on production cost reduction and economic performance enhancement, optimization of indicators, and energy conservation and emission reduction, which generated economic benefits of over RMB 100 million.

In 2010, at the 62nd IENA held in Nuremberg, Germany, Anshan Iron and Steel Group Corporation captured 3 gold awards, 2 silver awards and 1 bronze award; at the 19th National Exhibition of Inventions, Anshan Iron and Steel Group Corporation employees were awarded 4 gold awards, 9 silver awards and 9 bronze awards for their achievements in innovation; at the 3rd National Meeting on Technological Innovations by Employees, the Automatic Roll-Change System for Cold Rolling Mills invented by Anshan Iron and Steel Group Corporation employees won the Excellence Award; at the 2nd Exhibition of Achievements Based on Independent Innovations by Anshan Iron and Steel Group Corporation Employees, 462 achievements scored by 65 affiliated companies on new inventions, patents, technologies and operational procedures drew high praises from the Chinese Machinery, Metallurgical and Building Materials Workers' Union, and Liaoning Federation of Trade Unions.



- 1. Corporate leaders paid a visit to the 2nd Exhibition of Achievements Based on Independent Innovations by Anshan Iron and Steel Group Corporation Employees.
- 2.At the 62nd IENA held in Nuremberg, Germany, technological innovations by Anshan Iron and Steel Group Corporation employees won the gold award.







IPR Management

In 2010, Ansteel Group Corporation had 1,357 patent applications (including 543 invention patents) handled, among which 951 patents (including 156 invention patents) were granted by the State Intellectual Property Office; 8 patents were granted from abroad; a total of 1,123 proprietary technologies were accredited. A Technique for Manufacturing Bainitic Steel won the Chinese Patent Award of Excellence at the 12th China Patent Award Selection; the Method and Machine Sets for Heat Treating of Steel Rails of PanGang Group Company Ltd. was granted a patent by the European Union, the first of its kind for the Chinese

iron & steel enterprise in the sphere of the heat treating techniques for steel rails. The Integrated Development of Processing Techniques and Apparatuses for the Production Line for On-line Heat Treatment of 100-meter-long Steel Rails undertaken by PanGang Group Company Ltd. won the Second Class Award of the State Scientific and Technological Progress Award for year 2010; Anshan Iron and Steel Group Corporation. was conferred 3 first-class awards, 2 second-class awards and 5 third-class awards of the Scientific and Technological Award for the Metallurgical Industry.

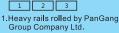


R&D of New Products

Ansteel Group Corporation strives to press ahead with its R & D of new products. High-strength, highly wear-resistant and corrosion-resistant steel, and special steel for wind power, hydraulic power and nuclear power, and other clean energies have been developed to meet with the requirements of green and low-carbon economy. Besides, a standardized EVI technological service mode for R & D of new products has been established to reduce the consumption of rolled steel and energies for downstream products through technological upgrading of products required for customers so as to optimize the product mix.

In 2010, Ansteel Group Corporation developed 7.27 million tons of new products, making up 25.9% of the total. High-speed steel rails for trains running at the speed of 380 kilometers per hour were developed; batch production of PG4 heat-treated steel rails, the highest grade for the strength of steel rails in the world, was achieved; Anshan Iron and Steel Group Corporation manufactured special steel for testing of key equipment for the nuclear island as a domestic substitute, capable of manufacturing main forgings for nuclear power; a batch production was fulfilled for rolled titanium and the second-generation of nuclear power pipes for the nuclear island; Anshan Iron and Steel Group

Corporation developed a series of high-strength automotive sheets, such as high-strength dual-phase steel sheets, Transformation-Induced Plasticity (TRIP) steel sheets, and 700-Mpa automotive structural hot-rolled sheets, with an ability for supply of top-grade automotive sheets: Anshan Iron and Steel Group Corporation developed highly corrosion-resistant weathering steel, bogie sheets for high-speed trains, steel of extraordinary strength for hull structure and ocean engineering, stainless steel wire rods, low-chromium oil-well tubes, highstrength hull structural steel for high heat input welding, steel for crude oil storage tank, high-grade tire cord steel and steel strands to satisfy the requirements of customers. Anshan Iron and Steel Group Corporation mastered the technology for manufacturing internationally advanced low-temperature low & high magnetic induction grain-oriented silicon steel; a batch production was carried out for a series of high-grade non-oriented silicon steel; "Anshan Iron and Steel Group Corporation Brand" steel wire ropes for aerial lift grasped over 95% of market shares in China; high-quality pinion steel and the nickel-based alloy for heat exchangers for the oil-refining industry saw their batch production.



- Grain-oriented silicon steel products manufactured by Anshan Iron and Steel Group Corporation.
- Quality steel sheets manufactured by Anshan Iron and Steel Group Corporation.







IT Application



Plan for IT Application

By tailoring IT application to its corporate development strategy and requirements of main businesses, Ansteel Group Corporation has kept improving its capability for IT application and its integration with industrialization. In 2010, Anshan Iron and Steel Group Corporation drew up a medium- and long-term strategic development plan for IT application. The development of strategic IT application projects has shifted its focus from the execution level (ERP production and sales system; MES system) to the

operational and strategic level so as to speed up their implementation. With an aim to realizing centralized control on a shared platform, PanGang Group Company Ltd. has mapped out an overall plan for IT application which covers 15 major business sectors, including marketing, procurement, storage & logistics, finance & budget, human resources, IT infrastructure and IT governance.



Development of IT Application Projects

In 2010, the phase II project of Anshan Iron and Steel Group Corporation ERP financial cost sub-system, the expansion of the MES and ERP system for the 1450-mm cold rolled steel sheet production line, the expansion of the MES and ERP system for #2 wire production line, the addition of quality design function to the ERP system for § 177 seamless production line, and the expansion of the MES system for auxiliary laboratories were all put into use. A marketing information system platform was put into operation; cost data in the ERP production and sales system for the production line of long steel products was integrated with the financial cost sub-system; the launch of the MES system and the expansion of the ERP system for the production line of high-performance silicon steel fulfilled a commodity order via the ERP system; the ERP equipment management sub-system of Anshan Iron and Steel Group Corporation Bayuguan Steel Base was put into use: the ERP system of Anling Steel Co., Ltd. was launched into use in

parallel with the main production line; the projects concerning centralized procurement, human resources, and office automation were implemented as planned.

PanGang Group Company Ltd. completed its evaluation of the IT application plan and management consultation for the project of Xichang Vanadium & Titanium Resources Multi-purpose Utilization, finalizing the planning for IT infrastructure and application system. It completed the establishment of a comprehensive visual system to tighten control and management by PanGang Group Company Ltd., improve work efficiency and enable remote communication between many a customer. PanGang Group Company Ltd. made an initial design of its procurement system, sales system and supporting systems as well as a feasibility evaluation, optimizing the business processes and analyzing the business demands.

04 Environmental Performance



Development Planning

Ansteel Group Corporation seriously adopts the scientific outlook on development, makes great efforts to shift its development mode, commits itself into an energy-efficient and environment-friendly steel enterprise, explore building a green demonstration factory that will lead the world steel industry development, to attaching equal importance to resource development and its all-purpose utilization, to strive to develop the circular economy to fulfill its transition towards low-carbon manufacturing so as to take the lead in techniques and indicators for energy conservation and environmental protection in China and the world at large.

Management Mechanism

In order to standardize its management of energy conservation & emission reduction and environmental protection, Ansteel Group Corporation adopts a responsibility system, by which all departments and their respective persons-in-charge are held responsible for the objectives of energy conservation and emission reduction, strengthens process monitoring and establishes pollution treatment projects, incorporates energy conservation and environmental protection into the corporate strategic planning and production and operations plan and establishes the responsibility system and performance evaluation system of the energy conservation & emission reduction thus creating an effective monitoring and management system.

Management Measures

In 2010, Ansteel Group Corporation launched over 60 key projects, including power generation through waste heat from sintering machines, moisture control of coke oven coal, green lighting project, utilization of solar energy and wind energy, flue gas desulphurization for sintering machines, flue gas desulphurization for boilers at central power stations, and others implemented by Anshan Iron and Steel Group Corporation; and power generation through waste heat and energy (Phase II), technical renovation of the sintering system at ironmaking mills (Phase II), coke oven gas desulphurization for coal chemical plants, CDQ, technical renovation of the dust collection system for raw materials for vanadium product plants, and others carried out by PanGang Group Company Ltd. Monitoring is conducted over all pollution sources for water and atmosphere on a monthly

and random basis, and dynamic monitoring over environmental facilities and sewage discharge at sewage outfall in order to ensure the emission or discharge from each pollution source meets the target. Some 500,000 tons of standard coal were saved, and total emissions of sulfur dioxide and industrial waste water discharge meets the targets. Emission of chemical oxygen demand (COD) per ton of steel was no higher than 0.2kg, and discharge of smoke and dust per ton of steel lower than 2.0kg. Steel slag was 100% regenerated as resource. The area was expanded for ecological restoration of mining waste dump and tailing dam. The environmental quality has been improved further, with no major environmental pollution occurring.

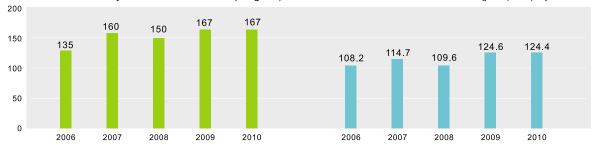


Energy Management

> Energy Consumption

In 2010, Ansteel Group Corporation saw its best ever energy-saving performance, saving 500,000 tons of standard coal that year and accumulated 3.19 million tons of standard coal during the Eleventh Five-Year Plan period. For Anshan Iron and Steel Group Corporation, its comprehensive energy consumption per ton of steel reached 632kg standard coal in 2010, 0.63% lower than that in 2009; while for PanGang Group Company Ltd., the figure was 709.6kg standard coal, 2.18% down from that in 2009. Both the indicators for energy consumption and the indicators of physical output for energy conservation fulfilled the relevant targets set by the SASAC





> Energy-Saving Measures

To Eliminate the Backward Technique and Equipment to Promote Technological Progress

Anshan Iron and Steel Group Corporation has eliminated all the small blast furnaces with a volume lower than 2,000 cubic meters, sintering machines with a volume lower than 200 square meters, thermal sintering technique and backward small coke ovens. It has built energy-saving and environmentfriendly large blast furnaces, large coke ovens and large sintering machines, upgrading the small boilers at power plants; eliminated the backward oxygen generator producing fewer than 10,000 cubic meters of oxygen per hour, and set up a large oxygen generating unit with 35,000 cubic meters of oxygen produced per hour. PanGang Group Company Ltd. eliminated the production lines for die casting, blooming, and 400,000-ton steel wire rods rolled in three-time heating, and backward facilities including #1-4 old coke ovens, #1-5 old sintering machines, small electric furnaces, etc; it made an investment into the large sintering machine with a volume of 360 square meters and energy-saving projects such as power generation through waste heat and energy.

Strengthening the Recycling of Waste Energy

Ansteel Group Corporation has strengthened the recycling of waste heat and energy by improving the technique, equipment and operational skills. Anshan Iron and Steel Group Corporation generates power by means of blast furnace Topgas-pressure Recovery Turbine (TRT), Coke Dry Quenching (CDQ), Combined Cycle Power Plant (CCPP) with surplus gas as fuel, waste heat from sintering machines, or steam generated during steelmaking or other new technologies. In 2010, superfluous waste heat (steam) in summer was utilized; power generating units using saturated steam were established to take full advantage of the waste heat (steam) from steelmaking converters to generate power, saving 12,000 tons of standard coal; the waste heat in flue gas from annular coolers of sintering machines was recovered by dual pressure waste heat boilers; facilities were built to generate power through waste heat steam from sintering machines, saving 30,000 tons of standard coal. In 2010, in Anshan Iron and Steel Group Corporation, the recovered converter gas amounted to 1.696 million cubic meters, an increase of 12.92% over 2009; the recovered waste heat (steam) reached 13.01 million GJ, an increase of 1.56% over 2009; the power generated through blast furnace TRT reached 659 million KWH, an increase of 22.89% over 2009.

PanGang Group Company Ltd. generates power by means of converter gas, waste heat in flue gas from sintering machines and hot-blast stoves, waste heat from CDQ in coking furnace, flue gas from heating furnaces for steel rolling, etc. In 2010, PanGang Group Company Ltd. completed the power

generation project using waste heat and energy (phase II) and started to generate power after combination to the grid; superfluous gas from the plants in PanGang Group Company Ltd. Headquarters in Panzhihua was all converted into clean electric energy, saving more than 200,000 tons of standard coal. In PanGang Group Company Ltd., the recovered converter gas amounted to 273 million cubic meters, an increase of 46.93% over 2009; the recovered waste heat (steam) was 6.471 million GJ, an increase of 96% over 2009; the power generated through blast furnace TRT reached 188 million KWH, an increase of 79.66% over 2009.



▲ Anshan Iron and Steel Group Corporation's Power Generating Units Using Waste Heat from Sintering Machines.



▲ Anshan Iron and Steel Group Corporation's Power Generating Units Using Saturated Steam.



▲ Anshan Iron and Steel Group Corporation's CCPP Project at Bayuquan Steel Base.

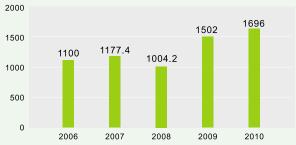
Development and utilization of coke oven gas

In 2010, Anshan Iron and Steel Group Corporation Bayuquan Steel Base conducted cooperation with Huaneng Yingkou Power Plant in power generation through coke oven gas. Bayuquan Steel Base provided the coke oven gas to Huaneng Yingkou Power Plant for power generation, which not only reduced the diffusibility at the plant and the emissions of sulfur dioxide and carbon dioxide at Bayuquan Steel Base, but also saved 108,000 tons of standard coal in the whole year for Huaneng Yingkou Power Plant, equivalent to closing a coalfired power generating unit with a volume of 50,000 KW. This project, the first of its kind among domestic large steel enterprises, has resulted in environmental improvement as

well as considerable economic benefits.

PanGang Group Chengdu Steel & Vanadium Co., Ltd entered into cooperation with two local companies, namely Hengzhenghe Metallurgical Furnace Charge, LLC and Huaming Cellophane Co., Ltd, in all-purpose utilization of gas resources, which could reduce annual blast furnace gas bleeding by more than 130 million cubic meters, emission of carbon dioxide by 37,000 tons, and regional carbon emission by 10,000 tons. Therefore, such project has yielded enormous economic benefits, conducive to regional economic cooperation and development of circular economy, and protected local ecological environment.

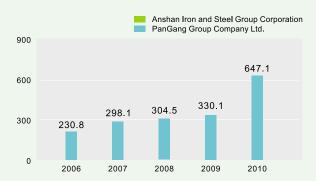
Recovered Converter Gas (in one million cubic meters)



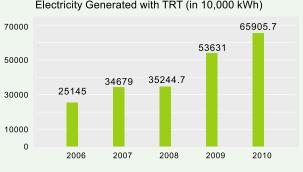


Recovered Waste Steam (in 10,000 GJ)





Electricity Generated with TRT (in 10,000 kWh)





Utilization of Clean Energy

Ansteel Group Corporation keeps exploring a path to development of a clean, green and low-carbon steel industry as well as the new techniques and technologies for environment-friendly steelmaking by utilizing wind power to satisfy the electric demand during production. In 2010, based on three power generating units built for the wind-driven power generation (Phase I) in Bayuquan Steel Base of Anshan Iron and Steel Group Corporation, 4 other power generating units were set up for the Phase II project, with their installed capacity totaling 9,000KW; the annual power generated reached 23 million KWH, an increase of 298% over 2009, saving 3,270 tons of standard coal and reducing the emission of carbon dioxide by 8,150 tons.



Wind-driven Power Generation Project in Bayuquan Steel Base of Anshan Iron and Steel Group Corporation.

Strengthening Energy Control

Anshan Iron and Steel Group Corporation exercises centralized control over energy production, delivery, allocation and treatment through information technology to fulfill the optimization and efficient operation of the energy system. It has organized a competition in energy conservation and emission reduction for large energy-guzzling equipment, as a result of which the energy consumption sees its year-by-year decline. In 2010, Anshan Iron and Steel Group Corporation was recognized as an exemplary company for energy conservation and emission reduction through combination of industrialization and information technology by the Ministry of Industry and Information

Technology. Among the entities honored by the Labor Union of Chinese Machinery, Metallurgical and Building Materials and China Iron & Steel Association for their excellent performance in the 2009 National Competition in Energy Conservation and Emission Reduction for Large Energy-guzzling Equipment, the new #1 blast furnace in the ironmaking mill and #2 converter in Bayuquan Steel Base of Anshan Iron and Steel Group Corporation were hailed respectively as "Blast Furnace of Excellence" and "Converter of Excellence", and the converter in the vanadium extraction and steelmaking mill of Panzhihua Steel & Vanadium Co., Ltd. as "Innovative Converter".



▲ A commendation meeting was held by Anshan Iron and Steel Group Corporation in honoring the entities for their excellent performance in the competition in energy conservation and emission reduction for large energy-guzzling ironmaking and steelmaking equipment.



Anshan Iron and Steel Group Corporation was recognized as an exemplary company for energy conservation and emission reduction through combination of industrialization and information technology by the Ministry of Industry and Information Technology.

Exchanges and Cooperation

Anshan Iron and Steel Group Corporation fulfilled its targets for energy conservation and emission reduction set by the Central government for the Eleventh Five-Year Plan period one year ahead, and was highly recognized by the State Council and the SASAC. At the teleconference on energy conservation and emission reduction held by the State Council in 2010, Zhang Xiaogang, General Manager of Anshan Iron and Steel Group Corporation, delivered a speech entitled Exploring a Path to an Exemplary Green Factory Guided by the Scientific Outlook on Development to Make Contribution to Achieving the Targets for Energy Conservation and Emission Reduction Set by the Central Government for the Eleventh Five-Year Plan Period, elaborating on Anshan Iron and Steel Group Corporation's experience in the following spheres: eliminating the outdated techniques and equipment through independent innovation; exploring a path to an exemplary green factory that leads the world steel industry development; tapping potential in energy conservation and emission reduction. At the television conference on energy conservation and emission reduction held by the SASAC. Ansteel Group Corporation also shared its experience in this regard with other state-owned enterprises under the administration of the Central government.

On June 25, 2010, an interview group, composed of reporters from *China Daily, Science and Technology Daily, China Economic Herald, First Financial Daily, 21st Century Business Herald*, and *Shanghai Securities News*, made an interview with Ansteel Group Corporation management, reporting on the achievements Ansteel Group Corporation had made in advancing the low-carbon economy.



▲ Branch venue in the conference hall of Ansteel Group Corporation for the Teleconference on Energy Conservation and Emission Reduction Attended by the State-own Enterprises under the Administration of the Central government.

Water Resource Management

Through water recycling within the system and inter-system water use, Ansteel Group Corporation enhances its management of the water recycling systems in all production entities. The water purifying and recycling system has been improved to enhance efficiency in water resource recycling so as to strike a balance between fresh water and recycled water in use. In 2010, fresh water consumed per ton of steel in Anshan Iron and Steel Group Corporation was 4.30 cubic meters, down by 7.53% over 2009;

7.58 million tons of water was saved; the water recycling utilization ratio reached 97.9%, and the COD (chemical oxygen demand) in discharged industrial waste water was 10% lower than that in 2009, meeting the Class I Clean Production Standard of the State. In PanGang Group Company Ltd., fresh water consumed per ton was 5.50 cubic meters, a decline of 11% over 2009; 5.09 million tons of water was saved, and the water recycling utilization ratio reached 94.4%.



Anshan Iron and Steel Group Corporation has renovated the water facilities and sewage treatment system according to the plan. Water-saving measures have covered the whole production process from mining to the shipment of rolled steel, marking the establishment of a long-term mechanism for saving water. Therefore, the use of water has lowered substantially while the steel output has doubled. In 2010, Beidagou Sewage Treatment Plant was reconstructed and expanded, providing 2,300 tons of water per hour for Qidashan Iron Ore Mine of Ansteel Group Mining Company; blast furnaces and coke ovens were equipped with water-saving techniques, such as dry dust collection and CDQ; water recycling was optimized in 1780 Unit in Hot Rolled Strip Plant, #4 and #5 slab production lines in No 2 Steelmaking Plant, and the newly-built oxygen generator producing 35,000 cubic meters of oxygen per hour so as to enhance the water recycling utilization ratio. The industrial sewage treatment plant with a capacity of 1,200 cubic meters per hour and the household sewage treatment plant with a capacity of 200 cubic meters per hour were set up in Anshan Iron and Steel Group Corporation Bayuquan Steel Base, where the treated sewage could conform to the reuse water quality standard, ready for use as replenishment of production water reuse. The recycled water has been reused in iron making and iron casting machines, steelmaking slag disintegrating, and sintering material mixing. In addition, Anshan Iron and Steel Group Corporation is preparing for the Phase II project of seawater desalination aimed at producing 12,000 tons of fresh water per day.

PanGang Group Company Ltd. keeps improving the conformity rate of the discharged industrial waste water by developing

circular economy and treating discharged waste water. Firstly, the recycling rate for industrial water has been increased. While managing the whole process for water use and discharge in the subordinate units. PanGang Group Company Ltd. has recycled water according to the principle of "separating clean water and dirty water, and classifying recycled water", built facilities to treat and reuse discharged water, and optimized water use in the process. Secondly, waste water generation and discharge have been controlled from the beginning. It has completed the biochemical waste water treatment system for the coal chemical plant, acid waste water treatment system for the titanium dioxide plant, clean and dirty recycled water treatment system for the hot rolled strip plant, and dirty recycled water treatment system for the steelmaking converter, thus increasing the conformity rate of the discharged industrial waste water. Thirdly, water pollution prevention has been enhanced. A 550-meter-long and 17-meterhigh slag block yard has been built in the western slag yard on the bank of Jinsha River, which has effectively prevented the industrial waste from being discharged to the Jinsha River. In order to renovate the sewage outlets for waste water at the coal chemical plant and vanadium product plant, emergent waste water collection tanks have been built, one with a volume of 38,000 cubic meters and the other two with a volume of 350 cubic meters, to prevent the sudden occurrence of environmental pollution. In 2010, PanGang Group Company Ltd. invested RMB 63.32 million on the collection and recycling project of waste water at the #5 and #6 sewage outlets at the energy and power center, with a capacity of 2,500 cubic meters per hour, capable of reducing 200 tons of COD emission per year.



Addressing Climate Change

Reduction of Greenhouse Gas and Waste Gas Emission

Ansteel Group Corporation attributes its remarkable achievements in the waste gas treatment and flue gas emission reduction to such projects as the flue gas desulphurization for sintering machines and boilers in power plants, coke oven gas desulphurization, and dust collector renovation. In 2010, the sulfur dioxide emissions of Ansteel was lowered by 4% over 2009 and the smoke and dust discharge per ton of steel was lowered by 26.7% over 2009; the sulfur dioxide emissions of PanGang was lowered by 30.81% over 2009 and the smoke and dust discharge per ton of steel was lowered by 12.92% over 2009. Meanwhile, Anshan Iron and Steel Group Corporation has carried out cooperation with the International Carbon Fund, through which both the Gas Combined Cycle Power Plant (CCPP) and the Coke Dry Quenching (CDQ) have been registered as clean development projects of the United Nations, thus the reduction of some 1,424,000 tons of carbon emission per year are translated into carbon sink on the international carbon transaction market.

Addressing Waste Gas and Smoke and Dust Emission

Ansteel Group Corporation promotes environmental protection through independent innovation through wholly carrying out the desulphurization of sintering machines and boilers in power plants. After the desulphurization project of the #2 sintering machine at Western Anshan Base was launched into operation, the desulphurization of sintering machines at Anshan Iron and Steel Group Corporation Bayuguan Steel base as well as the desulphurization of #1 and #3 sintering machines at Western Anshan Base were put into operation in succession in 2010, reducing sulfur dioxide emission of 15.000 tons per year. The desulphurization facilities for boiler renovation at the central power plant have been put to use, reducing sulfur dioxide emission of 3.500 tons per year; as for the #3 power generating unit in the second power plant, the dual-alkali desulphurization process has been updated from the calcium oxide-sodium hydroxide to magnesium oxide—ammonia water, thereby enhancing the desulphurization efficiency from 45% to 85% and reducing 1,500 more tons of sulfur dioxide emission per year.

Independently designed by Anshan Iron and Steel Group Corporation, the rotary spray drying technology for desulphurization of sintering machines, which is running well in Western Anshan Base, has found its extensive application in domestic steel enterprises.

PanGang Group Company Ltd. keeps increasing its strengths in environmental protection. The old #1~#5 sintering machines at steelmaking plant were eliminated; instead, desulphurization facilities for the flue gas and coke oven gas from the #6 sintering machine, together with 2 sets of sintering machines with a volume of 360 square meters and its ancillary flue gas desulphurization facilities, have been set up. The "ionic liquids" circulation absorption technology, which can realize the recycling of sulfur resources due to its high efficiency in desulphurization, has been firstly applied to the flue gas desulphurization for sintering machines in China; as a result, the sulfur dioxide emission has been reduced by 22,000 tons. By building new #3 and #4 coke ovens, and its ancillary facilities for coal charging, coke pushing and CDQ, eliminating previous #1~#4 coke ovens at iron making plant, and improving the dust-removing system for #5 and #6 boilers at energy and power center, and raw material workshops of vanadium product plant, the smoke and dust emission has been reduced by 4,247 tons. The CDQ technology has been applied to all coke ovens, and this makes 1,700,000 tons of coke quenching water saved per year equal to the reduction of the air pollutants produced by more than 200,000 tons of thermal coal. The new #3 and #4 coke ovens, the first CDQ-supported large-volume tamping coke oven in China, will help promote the wide application of the CDQ technology.



▲ New #1 Coke Oven of PanGang Group Company Ltd.



Solid Waste Treatment

Ansteel Group Corporation takes advantage of the circular economy as the main approach to achieve its sustainable development through following the new recycling process of "resources— products— wastes— renewable resources— renewable products" to attain a virtuous production of "reducing, reusing, and recycling". Enormous efforts have been put into R & D of the frontier technologies for metallurgical slag. By strengthening the development and utilization of solid wastes, all the ferrous materials produced in iron and steel making are reused to produce various series of products of steel slag, ingot steel, refined iron fine, magnetic powder, slag powder, and baking-free brick and others. All these will help push forward the development of the circular economy.

Utilization of Solid Wastes

Ansteel Group Corporation has established a processing line, which applies magnetic separation to steel slag. The extraction rate for metallic iron from converter steel slag exceeds 98%. Steel slag at a total iron grade higher than 85% is directly used for steelmaking, the grain steel at a total iron grade higher than 50% for deep processing, and magnetic powder at a total iron grade higher than 42% (±2%) for ironmaking and sintering. Two deep processing production lines are set up to process the grain steel at a total iron grade higher than 50% to make sure that the steel content in it is 90% that can be directly supplied to the converter; the production lines for slag powder and concrete slag are also built up to process the granulated blast-furnace slag; an

advanced system to treat the recycled ferrous materials has been set up to optimize such ferrous materials as converter sludge, steelmaking dust and mud, gas mud, gas ash, blast furnace dust, iron mud, dust and mud from the stock yard, iron oxide, etc. that can be reused after undergoing 100% sintering; a recycling system for fly ash has been put in place to reuse the powergenerating fly ash.

PanGang Group Company Ltd. returns the ferrous dust from ironmaking, steelmaking and steel rolling to sintering process used as ingredient ore, or the dust is pelletized and returned to the steelmaking vanadium-extraction process used as refrigerant to

recover and reuse all the ferrous dust; all the coking dust is returned to the coke oven for coal blending. The force of gravity and the flotation technology are utilized for tailings from iron ore dressing to recover titanium dioxide with 341,900 tons of titanium concentrate ore available per year to increase the recycling rate of mineral resources; the blast furnace slag is processed by hot

spilling and water granulating to be used as construction material; after the steel slag is recovered and converter slag processed by hot deintegration and magnetic separation, the rest of the material is returned to the sintering process used as flux or construction material. In this way, all the steel slag is recovered and utilized

Research and Development of New Technologies

The Deep Processing Technique for Steel Slag Products Obtained through Magnetic Separation developed by Ansteel Group Corporation, which combines the wet milling and wet preparation and the magnetic separation, creatively employs the spiral classifier to separate the fine iron powder from the tailings slurryto greatly increase the grade of metallic iron. The technology can be applied to treat not only converter steel slag products obtained through magnetic separation but also desulphurized slag products. Since desulphurization and dephosphorization can be achieved, the iron grade of the grain iron exceeds 90%, that of fine iron powder exceeds 56% and that of tailings slurry is less that 1.6%. During the whole process, all the water is recycled and the tailings slurry is used for baking-free

brick. In this way, the waste from the purified steel slag is recycled with zero discharge achieved.

The Technology for Multi-purpose Utilization of Vanadium-Extracting Sludge developed by PanGang can fulfill comprehensive utilization of 3 wastes including vanadium-extracting sludge, iron oxide scale in rolling and continuous casting to transform them into cold solid balls to be used as refrigerant for vanadium extraction. The quality of semisteel and vanadium slag produced in this manner is under control and can meet with the technological requirements. In this way, not only the vanadium-extracting sludge is reused, but all the iron oxide scale in rolling and continuous casting i are recycled as well.

Ecological Restoration

Ansteel Group Corporation pays great attention to the afforestation and ecological restoration in the plant area. A series of measures have been taken to create a sound environment for production, residence and ecology. Firstly, to integrate the afforestation and ecological restoration into an overall planning for production, operation and project construction, assign the responsibility to the parties concerned, make an adequate input, and set high evaluation standards so as to make the green rate and beautifying rate for the engineering project reach 100%; secondly, to tighten supervision over the afforestation to eliminate the blind spots in greening; thirdly, to carry out the reclamation and afforestation of mines to improve the mine ecological environment; the green rate in the plant area exceeds 35%, taking the lead in the metallurgical industry. In 2010, a total of 430,000 arbors, 460,000 shrubs, 70,000 hedges, 320,000 lianas and 520,000-square-meter lawns were planted. A total of RMB 2,300,000 was invested for R & D of the covering agent covered by independent intellectual property rights to suppress the dust in the tailings pond, row rock field, and material stock yard, where an area of 2,300,000 square meters was free from dust.

There are 5 large iron ore mines of Ansteel at Anshan Base. After years of mining, row rock fields covering an area of 12,130,000 square meters and a tailings pond of 5,190,000 square meters have been formed surrounding Anshan. To prevent the pollution from the row rock fields and the tailings pond, a planning for afforestation and vegetation recovery has been mapped out to phase in the reclamation of the mines. Since 2000, the accumulated amount of RMB 340,000,000 has been invested, with the afforestation area adding up to 11,590,000 square meters and the green coverage rate for the reclaimed area reaching 43%.

PanGang Group Company Ltd. sets high value on ecological restoration and environmental protection and strives to create an ecological environment suitable to modern steel enterprises. By the end of 2010, the afforestation area had reached 16,545,700 square meters, and an ecological shelter area in view area, covering an area of about 3,550,000 square meters, had been formed; the greening rate and the green coverage rate had amounted to 97.94% and 34.02% respectively; the reclaimed area of the mines had reached 10.52%. Presently, more than 300 types of plants in 94 families are made available.



▲ Corporate leaders took part in voluntary tree planting.





▲ Row rock fields and tailings pond of Ansteel have been transformed into a botanical garden and an ecological park.



▲ Plant Area of PanGang and Greenery.

05 Production Safety

- > Guiding Principles and Objectives for Safe Production
- > Measures of Safety Management
- > Improvement of Emergency Management
- > Standardization of Occupational Health Management



Guiding Principles and Objectives for Safe Production

In line with the philosophy of "People being the first cause and Safe Production" and the guiding policy for safe production of "Safety First, Focus on Prevention and Synthetical Control", Ansteel Group Corporation has innovated the safety management and carriers, and established a long-term mechanism for production safety to implement the Work Safety Standardization. Besides, efforts are made to prevent the occurrence of serious accidents in order to take the lead in the industry and catch up with foreign enterprises in terms of the comprehensive indicators for production safety.

Measures of Safety Management



Controlling the Source of Production Safety

In accordance with relevant laws and regulations, as regards the four stages of the project: plan, preliminary design, construction and completion acceptance. Ansteel Group Corporation carries out the pre-evaluation of project safety and occupational health, special review of production safety, parallel construction, and examination and assessment to make sure that the safety facilities and the main part of the project are designed, constructed, put into production and use simultaneously. In this manner. Ansteel Group Corporation can achieve its control over the source of production safety to ensure the intrinsic safety of the on-site working conditions. In 2010, with its focus on the hydrogenation of benzene (Phase III) of Anteel General Chemical Plant, the oxygen generator of General Energy and Power Plant, the metallurgical hazardous chemicals of Ansteel Cold Rolled Sheet (Putian) Plant and Anling Steel Company, Ansteel Group Corporation has made an endeavor in preevaluation, design review, examination and assessment, and occupational health evaluation to make sure that all these projects conform to the regulations, thus enhancing the intrinsic safety of these companies. PanGang Group Company Ltd. has completed a safety pre-evaluation, examination and assessment for 18 projects, such as Xichang Vanadium & Titanium Resources Multi-purpose Utilization, Baima Iron Ore Mine (Phase II), Titanium Slag (Phase II), and Sponge Titanium and an occupational hazard pre-evaluation and control effect evaluation for 10 projects.



Work Safety Standardization

In 2010, Ansteel Group Corporation got down to implementing the standardization for safety management, production sites, and operation. Leading Group for Work Safety Standardization was set up. A total of 216 institutions for work safety standardization were modified; more than 90,000 manuals for work safety standardization were issued to standardize the institutions and the system for production management. As a result, the safety

conditions of equipments, facilities, and environment for the production sites were improved. A total of 38 companies affiliated to Ansteel Group Corporation were awarded the honorary title of "First Class Enterprises in Work Safety Standardization"; 40 companies "Second Class Enterprises in Work Safety Standardization". The progress achieved by Ansteel Group Corporation in Work Safety Standardization was highly appreciated by national and provincial watchdogs for production safety.



Safety Management Based on Information Technology

In 2010, Ansteel put into operation its safety management network composed of four functional parts: inspecting and rectifying and improving of hidden safety hazards, evaluation of the teams and the operations areas for work safety standardization, casualty accident statistics analysis, and analysis of the results from a special internal review. The part of "inspecting and rectifying and improving of hidden safety hazards" is aimed at solving the problems identified in rectification through real-time tracking of the process to make sure that the hidden hazards are remedied without delay. The part of "evaluation of the teams and the operations areas for work safety standardization" can fulfill an overall monitoring over the teams and operation areas of Ansteel. The part of "casualty accident statistics analysis" can realize a dynamic analysis of the types of and causes for the accidents as well as the extent of injuries so as to lay a solid basis for decision-making. The last part publicizes the results of a special internal review on the home page of the website; the rectification process should be based on the publicized results and subject to monitoring. In addition, there are other columns on the website, such as laws and policies, rules and regulations, safety promotion, occupational health, safety education and training, common sense on safety, etc. The website provides related knowledge concerning safety production in an all-round manner to increase employees' awareness of production safety and enhance their ability in this regard.





▲ Ansteel Group Corporation carries out an inspection over production safety.

Inspecting and Rectifying and Improving of Hidden Safety Hazards

A system has been established to call on the staff to inspecting and rectifying and improving of hidden safety hazards in production to efficiently eliminate and rectify and improve various hidden safety hazards and guarantee the safety in the corporate production. In 2010, in line with the safety evaluation, risk identification, equipment management, and production site inspection, 5,095 hidden hazards were identified through the above-mentioned system, 5015 of which were rectified and improved timely with the rectification ratio reaching 98%; rectification plans were drawn up for the rest of the hazards, and there were prevention measures before the completion of the rectification. The outstanding programs for rectifying were awarded. An activity of "100-day production safety" was held by PanGang Group Company Ltd. to encourage the staff to rectify hidden hazards so as to strengthen the intrinsic safety of equipments, facilities and environment for the operations site.

Centering on "safe production and focus on prevention", an activity of "A Month for Production Safety" was organized by Ansteel Group Corporation, Trainings in and inspections over work safety were held to eliminate the hidden hazards for equipments, facilities and environment in order to increase the staff's knowledge and operations skills; the work safety standardization was carried forward to improve the overall performance of safety management; emergency drillings and exercises were reinforced to increase the capability for emergency response; a series of activities were organized, such as "Safety and Health Cup" Competition, "Positions of Safety Supervision for Young Staff", "Staff's Forum on Safety", "Speeches on the Topic of Safety", "Family Letters and Epigrams on Production Safety", "Challenge Tournament for Monitors of Outstanding Classes", to improve the staff's quality and the corporate safety management; "Consultation on Work Safety" was carried out at the local communities to publicize the concept of "people being the first cause" in the process of corporate development, relevant laws and regulations on work safety, knowledge on emergency response and occupational health, etc.



Management of Hazard Sources

Given the fact that the hazard sources are huge in number, extensive in extent and serious in risk, Ansteel Group Corporation has strengthened its management over the major hazard sources in an all-round way. Firstly, to establish an archive for 3-level major hazard sources so as to identify the subject of responsibility, procedures and emergency programs for monitoring major hazard sources and handling accidents; secondly, to establish an emergency rescue plan for possible accidents arising form major hazard sources from the top to the bottom: Thirdly, to pay more attention to daily supervision by carrying out real-time monitoring over the conditions and factors that may trigger any accident: Fourthly, to strengthen inspections and effective prevention over major hazard sources; Fifthly, to put more efforts into control and management and rectifying of major hazard sources. Based on the above-mentioned measures, Ansteel Group Corporation has improved the management system for gas and other toxic or harmful gases, regulated the management of hazard sources in terms of organizational procedures, precautionary measures, and emergency solutions to ensure safety on the operations site.



Labor Protection Management

Ansteel Group Corporation keeps improving its system for labor protection by extending the assignment of labor protection inspectors from factories to workshops (workshop sectors) and intensifying trainings in laws and work ethics for inspectors. Monitoring over production safety and labor protection has been tightened to ensure the work safety and protect staff's rights and interests





▲ Ansteel Group Corporation carried out the "Consultation on Work Safety" respectively in Anshan and Panzhihua.

Training in Work Safety

Ansteel Group Corporation has carried out trainings in work safety in various forms to raise employees' awareness of safety and carry forward the safety philosophy. In 2010, Ansteel Group Corporation required that all employees should hold a certificate before taking up posts and that the certificate be granted only after they have undergone relevant trainings, examination and assessment. It organized more than 200,000 employees to participate in the National Competition for Emergency Knowledge Regarding Work Safety held by the State Administration of Work Safety and All-China Federation of Trade Unions; carried out special trainings in occupational health as well as safety management for gas and other toxic or harmful gases; organized employees to watch the safety warning videos titled Life-and-Death Matter and Safety First, Prevention Foremost for 32,800 person times; held trainings for employees in emergency responses, protection against electrical shock, safety responsibility, work safety standardization, and qualification of production safety personnel for 40,914 person times.



▲ Anshan Iron and Steel Group Corporation held a quiz on "Fulfilling Safety Responsibility and Improving Intrinsic Safety".



▲ PanGang Group Company Ltd. held a party titled "Everybody Sings a Song on Work Safety", expressing the safety philosophy of "cherishing life; abiding by regulations; giving top priority to safety; safety is the luck".





▲ Ansteel Group Corporation has carried out trainings in production safety in various forms.



Achievements in Safety Management

In 2010, zero work-related fatal accident broke out in Ansteel Group Corporation, with a decrease of 19 accidents, down by 15.3% over 2009; the rate of injury per 1,000 workers declined by 16.1% over 2009; 99.5% of the workers exposed to occupational hazard elements have undergone physical examinations; the acceptance rate for occupational hazard elements in the workplace reached 91.9%. The production safety has been stabilized, with a drastic decline in the incidence of accidents year by year; some subsidiaries have reached an advanced level in production safety, with no personal injury accident occurring during 15 million working hours.

In the National "Safety and Health Cup" Competition held by State Administration of Work Safety and All-China Federation of Trade Unions, Ansteel Group Corporation was awarded the honorary title of Winning Enterprise of 2010 for the seventh time in a row; in the "New-Steel Cup" Contest-Display of the Achievements in Production Safety held by Federation of Labor Protection under National Trade Unions of Iron & Steel Enterprises, 6 teams from Ansteel Group Corporation won prizes. Among them, Exercising Process-Oriented Management to Enhance Safety Promotion, an achievement made by Line 2 CDCM Electrical Inspectors Team of Ansteel Cold Rolled Sheet Plant, was awarded the Special Award; Panzhihua Iron and Steel Group Mining Company was awarded the title of "First Class Enterprises in National Safety Management Standardization"; In the selection of "Top 100 Non-Coal Mine Enterprises in Five Types" held by State Administration of Work Safety, Panzhihua Iron and Steel Group Zhujiabao Iron Ore Mine and Lanjian Iron Ore Mine ranked among "National Top 100 Model Enterprises in Safety Standardization for Large and Medium-sized Metal or Non-metal Mines"; Majiatian Tailings Pond was selected into one of "Top 100 Demonstration Enterprises in infrastructural Construction for Safety of Tailings Pond".

Improvement of Emergency Management

Ansteel Group Corporation has optimized its emergency management system by modifying the regulation for emergency management, setting up emergency management offices for general affairs, production safety, natural disasters, mass incidents, public health, and fire accidents & transportation. In addition, Ansteel Group Corporation has established an emergency response mechanism, with an emergency rescue command center as the core, emergency rescue information center as a hub, and emergency rescue office as a coordination agency, supported by an expert panel and a professional emergency rescue team. And its improved general emergency rescue plan for safety accidents has been approved by the national workplace emergency command center.

Emergency drills have been organized. Ansteel Group Corporation has organized employees to take part in special emergency drills concerning major hazard sources and key parts in operations areas, workshops and teams. A quiz on production safety emergency response has also been organized for employees to enhance their capability for self-help and mutual help in emergency rescue. In 2010, Ansteel Group Corporation organized 320 emergency rescue drills attended by employees for 9,800 person times.



Anshan Iron and Steel Group Corporation organized emergency rescue drills for the leakage of hazardous chemicals and fire accidents.



▲ Emergency rescue drills were organized for hazardous chemical accidents in PanGang Group Company Ltd.





▲ Anshan Iron and Steel Group Corporation organized emergency rescue drills for the leakage of hazardous chemicals and fire accidents.

Standardization of Occupational Health Management

In line with the guidelines of "focus on prevention and integrating prevention with control" on occupational disease prevention and treatment. Ansteel Group Corporation has stepped up its efforts to phase out outdated projects and improve operational conditions, and make clear the responsibilities of the managements at all levels for occupational health, so as to improve the system and mechanism for occupational health management. In accordance with the Law on the Prevention and Treatment of Occupational Disease and Interim Regulations on the Supervision and Administration on Occupational Health in Working Places, Ansteel Group Corporation has modified its regulations for occupational health management and incorporated such indicators as occupational hazard monitoring. physical examination for employees, and the incidence of occupational diseases into an evaluation system for safety management and annual performance.

In 2010, Ansteel Group Corporation carried out an evaluation over the impact of 16 projects concerning the construction, expansion, reconstruction or technological renovation on occupational health. And it strictly controlled the occupational hazards in working places; while upgrading the techniques and equipment, it paid much attention to the improvement of occupational conditions that would result in less damage to employees' health. It managed to keep the incidence of occupational diseases under control by implementing occupational hazards identification, tackling potential occupational hazards in working places, intensifying the trainings offered to employees exposed to occupational hazards, and

strengthening personal protection, etc. Training in prevention and treatment of occupational disease was provided to all employees to enhance their awareness of occupational health and to acquaint them with the knowledge on occupational health. Electronic records on occupational health were created for employees exposed to dust or toxic substances; the software system was improved for electronic health record management. In 2010, physical examination was performed on employees exposed to occupational hazards for 57,117 person times; advice was given to them promptly if any occupational contraindication was identified. Monitoring was intensified over various occupational hazards; tests were made on 38,520 spots, with the results all falling within the scope set forth in national standards.

The continuous treatment of potential occupational hazards in working places and enhancement of occupational hazards monitoring and prevention have resulted in a slump in the incidence of new cases of occupational diseases among on-the-job employees; in particular, no new case of high-incidence occupational diseases has occurred among those on-the-job employees whose positions involve refractory or deep processing of slag. The national inspection team for treatment of dust and highly toxic substances spoke highly of the occupational health management of Ansteel Group Corporation. Anshan Iron and Steel Group Corporation made the *Technical Regulations on Occupational Health Management in Steel Making Enterprises*, the first of its kind among domestic steel making enterprises and the latest achievement in technological control of occupational health hazards in the steel industry.



Anshan Iron and Steel Group Corporation's employees are undergoing occupational health check.



Anshan Iron and Steel Group Corporation's professionals are conducting monitoring over occupational hazards in working places.

06 Employee Chapter Protection

- > Profile of Employees
- > Employees' Rights and Interests
- > Caring for Employees
- > Employee's Development



Profile of Employees

By the end of 2010, there had been 233,971 employees in Ansteel Group Corporation, of whom 204,992 had been on-the-job employees. Ansteel Group Corporation newly recruited 2,582 employees and 11,049 were no longer employed mainly due to retirement in 2010. And 68,560 temporary workers were hired.

Total number of		233971	On-the-job employees (person)	204992
employees (person)			Non-on-the-job employees (person)	28979
On-the-job employees	By positions	Administrative personnel	23503	
		Technical personnel (person)	15917	
		Production personnel (person)	138728	
		Service personnel (person)	26844	
	By educational background	Ph.D. or Master's degree (person)	1793	
		Bachelor's degree(person)	29169	
		Associate degree (person)	44963	
		Graduates from secondary technical school or lower (person)	129067	
	By age	35 and under (person)	49627	
		36-50 (person)	130652	
		51 and above (person)	24713	
	By gender	Male (person)	158577	
		Female (person)	46415	

Employees' Rights and Interests

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Labor Contract Management

In accordance with national laws and regulations, including the Labor Law and the Labor Contract Law, Ansteel Group Corporation has kept improving its labor contract management system. In order to strengthen the labor contract management and standardize the recruitment, Ansteel Group Corporation has modified its relevant regulations, such as the Measures for Labor Contract Management and the Measures for Labor Discipline Management. It has signed labor contracts with employees in the principle of unequivocal labor relationship, standardized labor contract and sound labor management. In 2010, 99.89% of

Anshan Iron and Steel Group Corporation's employees and 100% of PanGang Group Company Ltd.'s employees signed an employment contract; contracts with 1,368 employees were cancelled or terminated in accordance with laws, of whom 232 had been employed by Anshan Iron and Steel Group Corporation and 1,136 by PanGang Group Company Ltd. A mediation committee for labor disputes was set up. The mediation was conducted on a level-by-level basis, achieving the objective of zero labor disputes.

Policy for Employee's Remunerations

In line with the principle of distribution according to both work and factors of production, Ansteel Group Corporation has carried out its institution of equal access to employment opportunities and equal pay for equal work, with no prejudice on grounds of gender, age, health status, race, or religious belief, etc. A salary distribution system based on the value achieved by employees for the company has been created; in order to maximize economic benefits, an annual salary mechanism has been implemented for managers, whose remunerations hinge on the corporate business performance; a position-based salary mechanism has been adopted for administrative, technical and production personnel, whose remunerations depend on their position, personal contribution and the company's economic

benefits; salaries for research personnel are associated with the benefits brought by their research projects, a distribution mechanism serving as an attraction and incentive to talents. The reform in salary distribution has enhanced employees' efficiency and performance in their positions, and increased the company's economic benefits and productivity, thus striking a balance between the sustainability of the company and the improvement of employees' living standards. Ansteel Group Corporation abides by the national, provincial and municipal administrative provisions on the employees' remunerations to ensure that they are not lower than the minimum wage set forth by the local government.

System for Employees' Insurance and Welfare

In accordance with the national laws and regulations, Ansteel Group Corporation has purchased the endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, and supplementary medical insurance, and provided housing allowances for all of its employees, and paid insurance premiums in full and in time so as to protect their lawful rights and interests. It withdraws benefits as stipulated to improve

employees' welfare. In order to establish a standardized and workable supplementary endowment insurance system, Anshan Iron and Steel Group Corporation has drawn up a program for employees' annuity and supplementary regulations. Such program, which was put on file by the Ministry of Human Resources and Social Security at the end of 2010, has been implemented as of January 2011.





▲ Corporate leaders extended their regards to employees.

Collective Contracts

In 2010, Ansteel Group Corporation and its subordinates fulfilled the collective contracts. The employee representatives conducted a regular inspection to ensure that the company complies with the terms on the employment, remunerations, working time, rest and leaves, labor safety and health, special protection for female employees, training and education, insurance and welfare. And the collective contract has played an active role in safeguarding the lawful rights and interests of employees, protecting the interests of the enterprise, and establishing a harmonious labor relationship. In Ansteel Group Corporation, the collective contract and the special collective contract for female employees has covered all employees.

Democratic Management

In accordance with the 2010 Opinions on the Open and Democratic Management of Company issued by the All-China Federation of Trade Unions, Ansteel Group Corporation dealt with the issues in an open and democratic manner; all major issues were made known to all employees and discussed in a standard process. At the 9th Session of the 10th Workers Congress of Anshan Iron and Steel Group Corporation, employees' representatives submitted 46 proposals, of which 13 involved production operation and development planning, 16 corporate reform and management, and 17 employees' interests such as salaries and housing, etc. Opinions were solicited for all these proposals. And 25 proposals have been solved or are being dealt with, accounting for 54.4% of the total. In accordance with Anshan Iron and Steel Group Corporation Standard for Open Management of Company, PanGang Group Company Ltd. makes public the issues of great concern to employees through dialogues between managers and employees, briefings, media bulletin and internet. In 2010, after a review by the Proposal Review Committee in the 8th Session of the 1st Workers Congress of PanGang Group Company Ltd., 7 proposals were approved, of which 6 were solved that year and 1 is being dealt with in 2011. In addition, the opinions were put forward, and monitoring was conducted in dealing with the problems as proposed.

Trade Union

In accordance with the Labor Union Law of the People's Republic of China and the Labor Union Constitution of China, Ansteel Group Corporation has set up trade unions from the company to the workshop level. Trade unions at all levels carry out their work independently in accordance with the Labor Union Constitution of China, and organize employees to participate in democratic decision-making, management and monitoring of the company by means of Employees' Congress or in other forms in accordance with laws. All employees have joined the labor unions at all levels, which have been assigned 2.287 full-time or part-time cadres.



▲ Anshan Iron and Steel Group Corporation held the 10th Session of the 10th Workers Congress.



PanGang Group Company Ltd. held the 10th Session of the 1st Workers Congress.

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Respect for Female Employees

Ansteel Group Corporation strives to protect the lawful rights and interests of female employees as well as their special interests. Ansteel Group Corporation has organized representatives of female employees to carry out an inspection over the performance of the *Special Collective Contract for Protecting the Rights and Interests of Female Employees*. In case of any violation, the representatives will afford some suggestions, and conduct supervision over the rectification.

In 2010, Anshan Iron and Steel Group Corporation purchased the *Group Women Safety and Health Insurance* for 22,686 female employees, of whom 36, seriously ill, received insurance benefits worth RMB 1.77 million in total. PanGang Group Company Ltd. purchased the mutual critical illness insurance for female employees of Sichuan Province for 1,371 female employees, of whom 12, seriously ill, received insurance benefits worth RMB 240,000. All female employees were organized to go through the breast cancer and cervical cancer screening. Ansteel Group Corporation invited the experts from the All-China Federation of Trade Unions to deliver lectures to female employees on how to prevent the illnesses common among women to raise their awareness of health care. Organizations of female employees at all levels organized 117 lectures on women's physical and psychological health.

In 2010, Anshan Iron and Steel Group Corporation offered a financial aid of RMB 652,100 to female employees for 715 person times, and an educational subsidy of RMB 224,000 to 353 single mothers' children; PanGang Group Company Ltd. gave a financial aid of RMB 278,000 to female employees and their children as an educational subsidy for 2,009 person times.



Anshan Iron and Steel Group Corporation held a meeting for honoring excellent female employees in celebration of the centennial anniversary of the International Women's Day.



▲ PanGang Group Company Ltd. organized an activity to encourage female employees to "reduce operational costs and inventory, enhance service quality, and strengthen corporate management".

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Regulations on Employees' Leave

In accordance with the national regulations on employees' working time, rest and leave, Anshan Iron and Steel Group Corporation has modified the *Regulations on Employees' Working Time and Leave of Ansteel Group Corporation*; PanGang Group Company Ltd. has issued the *Notice on Standardizing the Management of Paid Annual Leave* for employees' working time and leave. An institution for special working time has been in place in accordance with laws for special types of work and special positions; if working time has to be prolonged due to an urgent task in case of equipment dysfunction or accidents, etc, employees will be compensated in the form of salaries or leave.

Channel for Employees' Complaints

In order to broaden the channels for employees' complaints, companies at all levels of Ansteel Group Corporation have set up a reception office staffed with full-time and part-time personnel to deal with employees' complaints lodged through letters and visits. Activities have been organized to solve long-pending cases and handle thorny problems so as to enhance efficiency in handling complaints made through letters and visits. The company leaders also tune in to the concerns from employees in a face-to-face manner. In 2010, Ansteel Group Corporation handled letters of complaints and received employees for 11,450 person times. Anshan Iron and Steel Group Corporation was awarded the honorary title of Excellent Entity for Handling Petitions; and PanGang Group Company Ltd. National Exemplary People's Mediation Committee by the Ministry of Justice.

Protection of Migrant Workers' Rights and Interests

Ansteel Group Corporation, which attaches great importance to the protection of migrant workers' rights and interests, has established a relevant system and an institution for production safety access. Ansteel Group Corporation also offers trainings for migrant workers in production safety and technical skills. Besides, Ansteel Group Corporation cares for their life. In addition to its timely payment of salaries to migrant workers, Ansteel Group Corporation tries to meet with their requirements for catering and accommodation by sending books and newspapers to them, and buying them color TV sets so as to enrich their life in spare time. Ansteel Group Corporation makes efforts to protect their political and democratic rights, and dignity. Migrant workers' representatives are selected from the construction companies to attend the Employees' Congress every year; migrant workers with good performance were commended, and those with excellent performance were honored as excellent migrant workers at the city or provincial level.

Caring for Employees

Giving a Financial Aid to Employees

Ansteel Group Corporation has set standards for employees in extreme poverty, in poverty and on the brink of poverty, and established an information system for financial aids to employees. During holidays, the company leaders extend their regards to employees in poverty. In 2010, Anshan Iron and Steel Group Corporation leaders called at the home of employees in poverty, and with disability or illness for over 21,500 person times, offering them cashes or articles worth RMB 9.5206 million; they also called at the home of retirees in poverty for 35,000 person times, giving a financial aid worth RMB 8.5 million for 23,079 person times. PanGang Group Company Ltd. leaders paid a visit to the home of the employees in poverty, and with an injury, disability or illness, old employees living alone, and retirees for more than 10,000 person times, providing them with cashes or

articles worth RMB 3.9 million; they also offered a subsidy of RMB 578,700 to 340 employees in poverty and RMB 15,000 to employees in extreme poverty.

Anshan Iron and Steel Group Corporation also extends a helping hand to the employees to the extent of their poverty, according to the cause, and in line with their demands on a one-to-one or many-to-one basis. A total of 3,241 cadres and party members have extended their help to 2,034 employees on a one-to-one basis and 1,178 on a many-to-one basis. Over 95% of the employees in extreme poverty or in poverty have been assigned one or several designated cadres and party members. Besides, 83,860 employees have donated a total amount of RMB 3.1513 million to the employees and retirees in extreme poverty.







▲ Corporate leaders extended their regards to employees with financial difficulties.

▲ Corporate leaders extended their regards

Caring for Employees with Disability

Federation of Persons with Physical Disability of Ansteel Group Corporation and the branches exercise their power to represent, serve and manage the employees with disability, whose life and interest protection are put on top agenda. And relevant working plans and institutions have been drawn up. Meetings are held on a regular basis to tackle their concerns. Persons with disability

have been organized to take part in the chess competition, ball games and tug of war. In 2010, Anshan Iron and Steel Group Corporation visited the home of employees with disability in poverty for 1,300 person times, giving an aid of RMB 550,000; PanGang Group Company Ltd. visited the home of employees with disability in holidays, offering an aid of RMB 500,000.

Medical Care System

Ansteel Group Corporation has established a medical care system for its employees, which includes basic medical insurance, over-limitation medical insurance, corporate supplementary medical insurance, and medical aid, and appropriates special funds every year as a subsidy for the employees and retirees suffering from major diseases. In 2010, Anshan Iron and Steel Group Corporation gave a medical aid of RMB 12.024 million to 3,114 employees, and organized 112,300 employees for health check; PanGang Group Company Ltd.

organized 17,000 employees for occupational health check. In order to improve their health, lectures on physical and psychological health were delivered to employees, and *Health Handbook* was compiled so that employees could acquire knowledge on health care and common disease prevention; psychological consultation and pressure alleviation training were provided to help employees learn how to adapt themselves to their work and life, and the environment.



Anshan Iron and Steel Group Corporation organizes employees for health check on a regular basis.



 PanGang Group Company Ltd. organizes employees to attend a lecture on psychology.

Employees' Recuperation

It is an important measure for Ansteel Group Corporation to implement an institution for employees' recuperation, with an aim to rendering care to their physical health, enriching their life, and creating a harmonious company. In 2010, 53,597 employees and retirees of Ansteel Group Corporation were organized for a period

of recuperation, where they went through outward bound training and familiarized themselves with corporate culture in the form of physical test and lectures on physical health so as to live a healthy and happy life.

Cultural and Sports Activities

In Ansteel Group Corporation, there are over 50 associations, where employees can take part in various cultural and sports activities; 89 community fitness centers, which offer programs of

martial arts, waist drum playing, and Chi Kung, have been established so as to enhance their life quality.

venues including a basketball court in Xiangyang Residential

Improving Sports Facilities to Provide Access to Sports Activities

In 2010, Anshan Iron and Steel Group Corporation purchased facilities for tug of war, and body-building equipment, such as billiard tables, table tennis tables, multi-gym, treadmill, and exercise bikes. Sports associations at all levels in Anshan Iron and Steel Group Corporation organize employees for badminton, table tennis, volleyball, basketball, football, tug of war, long run, swimming, martial arts and bridge competitions. Anshan Iron and Steel Group Corporation's stadiums hosted the 2010 National Tug of War Championships. Women's tug-of-war team of Anshan Iron and Steel Group Corporation won a gold medal in 500kg event at the World Indoor Tug of War Championships, the first of its kind ever captured by China in such Championships, and a silver medal in 540kg. Anshan Iron and Steel Group Corporation was conferred the honorary title of "2010 Outstanding Organizer of National Fitness Activities" by the General Administration of Sport of China.

PanGang Group Company Ltd. has renovated and built such facilities as PanGang Group Company Ltd. Cultural Square, Qingxiangping Sports Tower, and Guaziping Park, and sports

Quarter, tennis courts, and badminton stadiums. So far, in the residential quarters for the employees of PanGang Group Company Ltd., there have been 25 sports towers (clubs), 16 fitness centers, 39 basketball courts, 7 croquet courts, 10 tennis courts, 2 standard stadiums and over 500 fitness trails; in this sense, the venues for all popular sports have been set up in the residential quarters for employees. In 2010, PanGang Group Company Ltd. organized employees for sports activities, such as basketball, badminton and table tennis, swimming, hiking, walking, stair climbing and rope skipping, and for the National Badminton Competition for Employees in the Metallurgical Industry, Aerobics Competition for Female Employees of Sichuan Province, and the group aerobics performance at the opening ceremony of the 13th National Traditional Games of Ethnic Minorities of the People's Republic of China. PanGang Group Company Ltd. was honored as National Excellent Entity for Staff's Sports and National Excellent Entity for Sports Development.



The women's tug of war team of Anshan Iron and Steel Group Corporation won a gold medal in 500kg event at the World Indoor Tug of War Championships, the first of its kind ever captured by China in such Championships.



▲ Anshan Iron and Steel Group Corporation held a chess competition for employees staying at home for a period of rest.



PanGang Group Company Ltd. held an Employee's Tug of War Competition.



PanGang Group Company Ltd. held the 2nd Men's Football Competition.

Enriching Employees' Cultural Life

In order to enrich employees' cultural life, Anshan Iron and Steel Group Corporation published a special edition for the 50th anniversary for the promulgation of the *Charter of Angang Iron and Steel Company* and a special column for "Pioneering Employees of Anshan Iron and Steel Group Corporation". Anshan Iron and Steel Group Corporation organized artists from calligraphy, arts, photography, poetry and literature associations of Anshan Iron and Steel Group Corporation and art ensemble members to put on a performance in subordinate entities, and donated to employees over 8,000 books and magazines as well as over 15,000 sets of couplets, red color paper-cuts and daily necessities. PanGang Group Company Ltd. held an on-site painting and calligraphy competition on New Year's Day and recreational performance on International Women's Day, organized employees to tour park on the Lantern Festival, and



Anshan Iron and Steel Group Corporation employees are giving a performance.

invited art ensembles to deliver a performance in subordinate entities for 38 times. PanGang Group Company Ltd. held a large recreational party as well as an employees' painting, calligraphy and photography exhibition in celebration of the 40th anniversary for the launch of production in PanGang Group Company Ltd.

In 2010, Anshan Iron and Steel Group Corporation organized photography lovers to take part in the 2009 Glamour of Iron and Steel—Photography Competition co-held by China Iron & Steel Association and other entities, where four photos taken by Anshan Iron and Steel Group Corporation employees won awards and Anshan Iron and Steel Group Corporation was honored as an excellent organizer. Anshan Iron and Steel Group Corporation employees were awarded the Yangtze River Trophy of Revolutionary Songs Competition for their splendid performance in the competition held by the Ministry of Culture.



▲ Ceremony for Creation of the Society of Arts Lovers in PanGang Group Company Ltd.

Employee's Development

Development Plan

In accordance with the Outline of the National Program for Medium- and Long-term Talent Development and Outline of the Program for Talent Development of State-owned Enterprises Supervised by the Central Government issued by the SASAC, and the development strategy of the company, Ansteel Group Corporation has formulated its medium- and long-term talent development plan, which includes the overall objectives, main tasks and detailed measures for talent development in the next decade. With an aim to building a talent pool respectively in management, technology and skills, the plan specifies objectives in terms of number, structure, input and contribution to ensure the availability of talented personnel for Ansteel Group Corporation.

Training for Employees

Talent Development Academy has been set up in Anshan Iron and Steel Group Corporation as a training base for high-level business management personnel and a new platform for research, communication, transmission and sharing of creative theories and real-world experience in management.

The network for distance education has been in place. Anshan Iron and Steel Group Corporation has established a network for distance education so that its employees working in other regions can undergo real-time training. PanGang Group Company Ltd. has built an educational platform based on its local area network in order to enable more employees to go through training through autonomous learning.

With an aim to creating an equally competitive training base for its employees, Anshan Iron and Steel Group Corporation offers training programs for hands-on skills in 47 fields, including mechanics, automation of electrical substation, automatic

instruments, welding, security, industrial local area network control technology, relay protection, repair of electrical infrastructure, and on-site first aid.

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Training for Employees

In 2010, Ansteel Group Corporation offered training for employees for 113,272 person times in 1,814 classes, including 44,939 person times for company leaders as well as administrative, management and technical personnel in 936 classes; 68,333 person times for production and service personnel in 878 classes.

Training for Top-notch Talents

Five leaders from Ansteel Group Corporation participated in the training programs given by the Organization Department of CPC Central Commission and the SASAC; five leaders from subordinate companies went to the Party School of the CPC Central Commission in the SASAC for further study; 164 leaders in assisting roles of divisions or higher levels underwent training in China Executive Leadership Academy, Pudong; China Executive Leadership Academy, Yan'an; and China Business Executives Academy, Dalian; 54 leaders in assisting roles of divisions or higher levels and 48 leaders in leading roles of sections were sent to Northeastern University for training in modern management; 31 leaders in assisting roles of divisions or higher levels and 31 leaders in leading roles of sections went through off-the-job training at University of Science & Technology, Beijing for one year or half a year; 35 leaders studied at Nanyang Technological University in order to improve their capability for governance and management.

Training for Technical Personnel

Anshan Iron and Steel Group Corporation sent excellent technical personnel to colleges and universities for further study in new technologies for mining & mineral processing, metallurgy, steel rolling, mechanics, electrical automation and computer. Scholars from renowned domestic and overseas universities and research institutes were invited to hold 22 lectures on latest technologies for employees for 1,652 person times. Special trainings were held in new technologies for mechanics, electrical science and computer science as well as foreign languages and computer skills; 41 young technical personnel took English courses at Dalian University of Foreign Languages. Technical personnel of PanGang Group Company Ltd. underwent training at the company, subordinate entities and universities; postgraduate degree programs were also offered to technical personnel; training in new technologies was carried out for three times for research and technical staff, 103 in total; over 30 position-related trainings and lectures were provided for employees for 5,352 person times.

Training for Excellent Administrative Personnel

The following training programs were offered to company leaders, cadres in charge of the relationship between Party members and people outside the Party, administrative cadres, the top management, statistical staff and workshop directors in such spheres as management theory, leadership, finance, internationalized operation, corporate culture and project management.



▲ Training in corporate culture for employees of Anshan Iron and Steel Group Corporation.



▲ Training program for directors and supervisors of PanGang Group Company Ltd.



▲ English Competition for Employees of Anshan Iron and Steel Group Corporation.

Training for Technicians

Anshan Iron and Steel Group Corporation sent 58 technicians and senior technicians to Tianjin University of Technology and Education for further education; 240 technicians underwent training in creativity in 5 batches; 60 senior technicians participated in the advanced training for electricians and maintenance fitters. For PanGang Group Company Ltd., 23 electricians, 13 smelting technicians and 10 rolling technicians were sent to universities for training; 104 technicians were sent for further education in 4 batches; over 120 technicians went through training designed for relevant qualification reexamination; training programs for senior workers were organized for 200 employees in 8 classes; training in pressure welding was carried out for 164 technicians in 3 batches. Employees were trained as participants of industrial and provincial technical competitions for 200 person times; 808

workshop team leaders underwent training in quality and capability in 10 batches; training via distance education was implemented for 40 team leaders of state-owned enterprise supervised by the Central Government.

In accordance with the national occupational standards, Anshan Iron and Steel Group Corporation has formulated regulations on evaluation of technicians as a guideline for relevant training and appraisal. In 2010, 7,503 employees of Anshan Iron and Steel Group Corporation obtained vocational qualification certificates of all grades. PanGang Group Company Ltd. made an evaluation of the occupational skill qualification of 339 technicians, 146 senior technicians and 1,549 workers according to the junior, intermediate and senior levels by conducting relevant examinations involving 84 types of work.

Competitions for Work Performance and Technical Skills

Ansteel Group Corporation has organized competitions for work performance and technical skills. Anshan Iron and Steel Group Corporation organized over 10 competitions for work performance, such as "Tackling Technical Issues in Order to Achieve 10 Economic and Technical Indexes" and "Meeting deadlines, Ensuring safety, Achieving Excellence and Reducing Consumptions", with an aim to fulfilling the target of profits for 2010 and completing priority projects. Subordinate entities of Anshan Iron and Steel Group Corporation organized 684 competitions for work performance. Technical competitions were carried out among employees; 84,058 employees, 81% of the total, participated in technical training and competitions; 4,649 employees attended technical competitions involving 101 types of work, 104 of whom were honored as the best technical personnel and 896 as excellent technical personnel. Those who were conferred the former honorary title saw an elevation of their technical rank to a higher one: those who ranked 2nd to 5th in the competition with the latter honorary title were entitled to apply for an elevation of their technical rank to a higher one.

In an evaluation held by the Ministry of Human Resources and Social Security of the People's Republic of China, three Anshan Iron and Steel Group Corporation employees were recognized as national technical talents and one honored for his outstanding contribution to bringing up national technical talents. At the awarding ceremony for national excellent scientific workers held by China Association for Science and Technology, Huang Guojian, from Anshan Iron and Steel Group Corporation, and Sun Chaohui, from A PanGang Group Company Ltd., were conferred the honorary title of national excellent scientific workers. Besdies, 67 operational methods created by Anshan Iron and Steel Group Corporation employees were named as advanced operational methods of Anshan Iron and Steel Group Corporation for 2009-2010. Since the implementation of the Measures for Management of Advanced Operational Methods in 1993, 236 advanced operational methods of Anshan Iron and Steel Group Corporation have been named.



▲ Employees who had won awards in technical competitions were honored in Anshan Iron and Steel Group Corporation.



▲ Anshan Iron and Steel Group Corporation held a competition to tackle



▲ Technical Competition for Anshan Iron and Steel Group Corporation Employees.

In 2010, PanGang Group Company Ltd. organized more than 10 competitions for work performance, such as "Organization and Coordination of Production, Reduction of Costs, and Optimization of Product Mix" and "Ensuring Safety and Quality, Meeting Deadlines, and Achieving Excellence in Construction", for achieving the targets of production and sale and for completing priority projects. PanGang Group Company Ltd. held the 4" Technical Competition involving 8 major types of work, such as electrician and latheman, and 103 special types of work, with the participation of more than 29,000 employees, of whom 48 were honored as technical talents and 309 as special technical talents. Meanwhile, 1,639 training programs were offered; employees attended various technical competitions for 62,000 person times; employees underwent all kinds of training for 59,000 person times, accounting for over 60% of the total staff. Technical competitions have sharpened the hands-on skills of employees, cultivating more than 1,000 excellent technicians.



Corporate leaders paid a visit to the venue for the 4[®] Technical Competition for Employees.



Examination of hands-on skills at the Technical Competition for Employees of PanGang Group Company Ltd.

Employee's Career Development

Promotion of Administrative Personnel through the Mechanism for Competition and Job Rotation

In line with the principle of open and fair selection, Ansteel Group Corporation has improved its mechanism for promotion of administrative personnel. Capable employees are selected for administrative positions mainly through open and competitive selection. The job rotation applies to administrative personnel who have been in the same position for more than 6 years or in an important position regarding human resources, finance and products for more than 3 years.

> Promotion Channels for Engineering and Technical Personnel

Ansteel Group Corporation has implemented the position-based ranking for technical personnel to broaden avenues to their promotion. Ansteel Group Corporation has established a sound incentive system for technological innovation and planned a career path for technical personnel, abandoning its idea of regarding corporate leaders as superior to technical personnel. By the end of 2010, technical personnel of Ansteel Group Corporation had totaled 24,227, of whom 2,611 had been at the advanced level, 9,516 at the intermediate level, and 10,160 at the preliminary level.

> Promotion of Technicians

Ansteel Group Corporation has drawn up a program for the development of technicians during the Twelfth Five-Year Plan period, which includes the objectives for the number and structure of talents. Along with the reform in the salary distribution system, the position-based ranking for technicians has been carried out as a pilot program so as to facilitate their career development. By the end of 2010, technicians of Ansteel Group Corporation had totaled 158,823; the structure of talents had been optimized, with the proportion among technicians at the advanced, intermediate and preliminary levels reaching 34:36:30.

- Project team members of Anshan Iron and Steel Group Corporation who have successfully developed the steel for testing of key facilities of the nuclear island as a domestic substitute.
- R&D team of PanGang Group Company Ltd. that has developed the rolling technique for steel with high added value, such as spring steel and bearing steel.
- 3. AnGang Steel Co., Ltd. has managed to develop major types of steel through new techniques, increasing the purity of molten steel by a big margin.
- 4. Class A for Universal Rolled Steel of PanGang Group Company Ltd. Rail & Beam Mill strives for perfection in production of steel rails.









07 Social Performance



Contribution to the Society

Guo Mingyi's Love Team

Anshan Iron and Steel Group Corporation, which encourages employees to take part in non-profit programs for public good, has called upon all employees to learn from Guo Mingyi. A team named after Guo Mingyi, Guo Mingyi's Love Team, is composed of over 12,000 volunteers, of whom over 8,000 have donated funds to the Project Hope, over 1,700 volunteered to donate their hematopoietic stem cells, over 600 joined the emergency response unit for blood donation, over 500 joined Volunteer Service Unit and Emergency Response Unit of the Red Cross, and over 200 joined the club of remains and cornea donation. Guo Mingyi's Love Team, which constitutes an important force in non-profit programs for public good, has donated over RMB 1 million in total to the Project Hope, part of which has been used to set up a primary school respectively in Xinjiang Uyghur Autonomous Region and Chongqing City, and part of which directly offered to over 1,200 students in extreme poverty.



▲ Emergency response unit for blood donation of Ansteel Mining Company.



▲ Emergency Response Unit of the Red Cross of Ansteel Mining Company.





In response to the initiative from Guo Mingyi's Love Team, Anshan Iron and Steel Group Corporation employees donated money for setting up a primary school in Shuitian Township, Qianjiang District, Chongqing.

Donation to the Society

While pursuing its own development, Ansteel Group Corporation has been engaged in social investment, charity and non-profit programs for public good. In 2010, Ansteel Group Corporation donated funds and articles with a total value of RMB 26.694 million. Anshan Mining Company was honored for its outstanding contribution to the Project Hope in Liaoning Province.

Donation by Ansteel Group Corporation in 2010

Program	Donated Amount (RMB 10,000)
Disaster relief	665.2
Education	112.37
Charity	1234.39
Poverty alleviation	592.18
Others	65.26
Total	2669.4



▲ Corporate leaders donated money to children of employees in financial difficulties for their schooling.



PanGang Group Company Ltd. donated books to Xiaomiaoxiang Primary School, Xichang City, Sichuan Province.



For 6 consecutive years since 2005, Anshan Iron and Steel Group Corporation has donated funds and articles with a total value of RMB 8.308 million to Tashkurgan Tajik Autonomous County as subsidies for construction of infrastructure and affordable housing, and for farmers and herdsmen covered by the new rural cooperative medical care system. In 2010, Art Ensemble of Tashkurgan Tajik Autonomous County put on a performance in Anshan Iron and Steel Group Corporation in order to cement friendship between Anshan Iron and Steel Group Corporation and Tashkurgan Tajik Autonomous County.

> Disaster relief

In April 2010, a 7.1 magnitude earthquake struck Yushu County, Yushu Tibetan Autonomous Prefecture, Qinghai Province. Ansteel Group Corporation donated RMB 6.452 million to the earthquake-stricken area. The top management of Anshan Iron and Steel Group Corporation donated money to the mudslide-hit town in Zhouqu County, Gannan Tibetan Autonomous Prefecture, Gansu Province. PanGang Group Company Ltd. donated RMB 200,000 to Li County, Ngawa Tibetan and Qiang Autonomous Prefecture, Sichuan Province and 1,000 cartons of bottled mineral water to villagers of drought-hit Dalongtan Township, Renhe District, Panzhihua City.

> Financial Aid for Schooling

Organizations at all levels of Ansteel Group Corporation have carried out the "Financial Aid for Schooling" to make sure that all children of employees in financial difficulties can afford schooling. In 2010, a total amount of RMB 1.1237 million was granted to 898 children of needy employees.

Charity Donation

In 2010, Anshan Iron and Steel Group Corporation donated household electrical appliances worth RMB 343,900 to Ashen Charity Federation, Leaning Province and RMB 12 million to Bouquet Charity Federation, Gingko City, Liaoning Province.

> Poverty Alleviation

Ansteel Group Corporation, which attaches great importance to poverty alleviation, has extended huge support to economic development and educational undertaking in remote areas on a long-term basis by donating money for building schools, roads and medical facilities. In 2010, Ansteel Group Corporation donated RMB 1.5 million to Tashkurgan Tajik Autonomous County, Kashgar, Xinjiang Uyghur Autonomous Region, and RMB 200,000 to Shihuiyao Town, Xiuyan County, Liaoning Province for bridge construction as well as eiderdown worth RMB 121,800.

PanGang Group Company Ltd. has extended assistance to Butuo County and Puge County, Liangshan Yi Autonomous Prefecture, Sichuan Province for years. PanGang Group Company Ltd. contributed more than RMB 18 million to infrastructure construction in impoverished villages, improving the production and living conditions there. In 2010, it donated RMB 4.1 million for poverty alleviation in Panzhihua as well as Puge County and Butuo County, Liangshan Yi Autonomous Prefecture.

Young Volunteers

To carry forward the spirit of Lei Feng's devotion and dedication and Guo Mingvi's character, a large number of young volunteers of Ansteel Group Corporation provide volunteer services for the company and the society. Guo Mingyi Volunteer Team of Anshan Iron and Steel Group Corporation Young Volunteer Squad has been set up to organize young volunteers to donate money, blood and hematopoietic stem cell. These volunteers have donated RMB 170,545 for the schooling of children from destitute families as well as blood and hematopoietic stem cell without payment: provided service at the National Tug-of-War Championships; carried out activities on the Volunteer Work Day on Saturdays, such as technological research, efficiency improvement, environmental treatment, scrap steel recovery. and wastes utilization, for retirees and those staying at home for a period of rest, thus making contributions to the harmony of the company.

So far, 2,120 young employees of Ansteel Group Corporation have been registered as China Registered Volunteers. They have participated in 1,216 volunteer activities for over 14,400 person times. Anshan Iron and Steel Group Corporation was honored as Excellent Organizer of Chinese Young Volunteers in 2010 by the Central Committee of Communist Youth League of China and China Young Volunteers Association, and honored as an excellent state-owned enterprise supervised by the Central Government for its outstanding organization of young volunteers by the Work Committee of Communist Youth League of China in state-owned enterprises supervised by the Central Government.







- Young volunteers of Anshan Iron and Steel Group Corporation carry out activities on the Volunteer Work Day on Saturdays.
- 2. Young volunteers of PanGang Group 'Month of Respect for the Aged".
- 3. Young volunteers of Anshan Iron and Steel Group Corporation care for children from families with financial difficulties on a one-to-one basis.
- 4. Young volunteers of PanGang Group Company Ltd. donate money for schooling of the children from destitute





Establishment of Corporate Credibility System

Regarding credibility as a cornerstone of a company, Ansteel Group Corporation has made efforts to strengthen its credibility building by honoring its promises in order to create an image of a credible company.

Promoting Credibility

Ansteel Group Corporation has improved its corporate culture system based on credibility featuring "win-win cooperation between customers and the company in good faith on a regular basis for common development". Ansteel Group Corporation has carried out training for all employees and compiled A Guide to Anshan Iron and Steel Group Corporation Culture and Anshan Iron and Steel Group Corporation Manual on Honesty and Integrity to boost credibility so as to achieve a win-win result in good faith

Credibility System Building

Ansteel Group Corporation has incorporated credibility into its corporate development strategy by establishing a credibility management system that features centralized planning and shared responsibility. Ansteel Group Corporation has improved its relevant systems, standardized working rules, and intensified its real-time supervision over the processes and results to call anyone concerned to account if any issue arises.

Abiding by Laws and Regulations

Abiding by national laws and regulations as well as international conventions. Ansteel Group Corporation sets store by its brand effect in the process of production and internationalized operation to grasp market shares through quality products and services, never adopting a strategy of dumping and monopoly. Ansteel Group Corporation has made noticeable achievements in credibility building. In 2010, Anshan Iron and Steel Group Corporation was again listed among Top 500 Brands in Asia, ranking 89th, as opposed to 94th in 2009. Among Top 500 brands in China in 2010, Anshan Iron and Steel Group Corporation ranked 44th with a brand value of RMB 20.762 billion, as opposed to 48th in 2008, with an increase of RMB 3.917 billion.

Ansteel Group Corporation, which honored 100% of its contracts, was conferred the honorary title of "Honoring Contract and Valuing Credibility" in 2010 for the 10th consecutive year. It was also rated as a company with AAA credit, the highest grade. Besides, 39 affiliated entities of Ansteel Group Corporation were conferred such honorary title at the national, provincial or municipal level. PanGang Group Company Ltd. Mining Co., Ltd, PanGang Group Company Ltd. Metallurgical Engineering Technology Co., Ltd, and PanGang Group Company Ltd. Sichuan Changcheng Special Steel Co., Ltd. have also been granted such honorary title at the national or provincial level for many years.

Relationship with the Community



Promoting the Development of Local Economy

With its advantage in resources, management and technologies, Ansteel Group Corporation has strengthened its cooperation with local government and companies to contribute to the operation of local companies and the development of local economy.

In 2010, in line with the principle of win-win cooperation in pursuit of common development, Anshan Iron and Steel Group Corporation signed the 2010 Strategic Cooperation Agreement between Anshan Iron and Steel Group Corporation and Anshan City with Anshan Government for the purpose of intensifying cooperation in industrial development urban construction, and economic growth of Anshan. The construction of Anshan Iron and Steel Group Corporation Bayuquan Iron & Steel Base has created a complete industrial chain incorporating metallurgical. petrochemical, equipment manufacturing, and shipbuilding industries, thus advancing the local economic development. The establishment of Anling Steel Co., Ltd epitomizes an endeavor made by Ansteel Group Corporation to implement the national strategy of reinvigorating the old industrial base in Northeast China; Ansteel Group Corporation has stepped up the restructuring of the iron & steel industry in Liaoning Province, making contributions to industrial upgrading in Northwestern Liaoning Province and Chaoyang city. The construction of Anshan Iron and Steel Group Corporation Cold-rolled Sheet (Putian) Project signifies a considerable effort by Ansteel Group Corporation to speed up the development of the Western Taiwan Straits Economic Zone in line with the national strategy: Ansteel Group Corporation has furthered cooperation with Fujian Provincial Government to turn Fujian Province into a province competitive in the iron & steel industry with an enormous impact in East China, South China and even Southeast Asia.

By taking advantage of its technological advantage, PanGang Group Company Ltd. has promoted its cooperation with local companies in Panzhihua with respect to deep processing of steel, multi-purpose utilization of resources, and supply of fuel and raw materials to enhance their production capacity and production technologies for a win-win result. In 2010, the trading volume between PanGang Group Company Ltd. and local companies reached RMB 5.44 billion, up by 20% from 2009. The construction of PanGang Group Company Ltd. Xichang Vanadium & Titanium Resources Multi-purpose Utilization Project adopted the most advanced techniques, technologies and equipment in China to enhance efficiency in comprehensive resource utilization, thus boosting economic and social development in Southwest China and highlighting the significance of state-owned enterprise supervised by the Central Government in the Grand Development of West China.

Ansteel Group Corporation has established branches in Hong Kong, USA, Australia, Japan, Spain, Italy, etc, whose business scope covers international trade and production & processing. These branches abide with international conventions and local laws, and respect lawful rights and interests of employees. These branches have employed local people for their management and operations department, a measure that has boosted local employment and economy, thereby creating a favorable corporate image.

Supporting the Construction of Social Infrastructure

Ansteel Group Corporation, which attaches great importance to the construction of social infrastructure, strives to press forward the community building and the projects that bring benefits to local residents, such as heat and gas supply. The pipeline for delivering coke oven gas to Tiexi District of Anshan co-built by Anshan Iron and Steel Group Corporation and Anshan Gas General Company was put into use in 2010, which has alleviated the local gas shortage. Anshan Iron and Steel Group Corporation delivers nearly 300,000 cubic meters of gas for civil use to Anshan per day, ensuring the steady gas supply to over 400,000 households of about 1.4 million residents. Anshan Iron and Steel Group Corporation supplies heat to nearly 200,000 residents of Anshan per year, covering an area of 12.02 million square meters or around 40% of the total heated area in Anshan. Anshan Iron and Steel Group Corporation spent more than 47 million in overhauling the heating facilities in 2010, which has improved the operation of the heating system, reduced energy consumption and improved the urban environment.

Since the Eleventh Five-year Plan period, PanGang Group Company Ltd. has spent more than RMB 5 million per year in improving employees' living environment. It has renovated the infrastructure in Xiangyangcun Sub-district, Wudaohe Road, Changshou Road, and Qingxiangping Street of Panzhihua; 16,279 sqaure meters of pedestrian lanes have been laid with tiles, 12,062 sqaure meters of roads paved with asphalt, and 135 sets of tables and chairs put in place; new roads within the residential quarter have been built, and social infrastructure, like flood ditch and pedestrian lanes, rebuilt. Meanwhile, PanGang Group Company Ltd. has played a coordinating role in the introduction of community buses, stores and clinics in cooperation with local government and sub-districts.



Anshan Iron and Steel Group Corporation invited customers to visit the heating facility.



▲ PanGang Group Company Ltd. has built a fitness center in employees' residential quarter.

Promoting National Economic Development

Advancing Railway Industry

In order to support the national railway industry, Ansteel Group Corporation has carried out technological innovation and R & D of equipment for high-speed heavy rails. A production line for 100-meter-long heavy rail with a fixed size has been set up, and a series of heavy rail products have been developed for trains running at the speed of 200 kilometers per hour, 350 kilometers per hour, and 380 kilometers per hour. By taking advantages of its vanadium resources and its advanced technologies, PanGang Group Company Ltd. has built a production line for on-line heat treatment of 100-meter-long steel rails with continuous spray air cooling, and developed the PD2 off-line heat-treated steel rail, PD3 highcarbon micro-vanadium steel rail, and PG4 highstrength heat-treated steel rail. In particular, the PG4 high-strength heat-treated steel rail, an independent innovation in China with the greatest strength in the world, has not only met the requirements for the Chinese railway development, but also been exported to the United States, Australia, Brazil and other countries. This has turned China from an importer of heat-treated steel rail to an exporter, which indicates a technological progress in China's steel rail production.

The high-speed heavy rail manufactured by Ansteel Group Corporation has made significant contribution to the national railway construction. Since the first ordinary rail rolled off the production line in 1953, through independent innovation, the high-speed heavy rail has been developed for trains running at a speed of 380 kilometers per hour. The heavy rails produced by Ansteel Group Corporation have played a major role in China's railway speed acceleration, extending the hugest support to the high-speed and heavy-load railways in China. Currently, with regard to domestic highspeed railways in operation, more than 90% of their heavy rails are produced by Ansteel Group Corporation.

In 1966, Anshan Iron and Steel Group Corporation successfully produced the first 25-meter-long sizing steel rail.

In 1975, the first steel rail for Southwest China was produced at PanGang Group Company Ltd.

In 1984, PanGang Group Company Ltd. manufactured the heaviest rail in the world, becoming the rail supplier of Dagin Railway, China's largest coal railway siding.

In 2008, Beijing-Tianjin Inter-City High-Speed Railway was laid with a total of 27,800 tons of hundred-meter-long rails manufactured by PanGang Group Company Ltd., for trains running at a speed of 350 kilometers per hour.

In 2009, Wuhan-Guangzhou High-Speed Railway was put into operation, 50% of whose rails came from PanGang Group Company Ltd., 106,000 tons in total.

In 2010, Shanghai-Hangzhou High-Speed Railway was put into operation; all the rails for this 350-kilometer-long passenger railway siding came from Anshan Iron and Steel Group Corporation, 50,000 tons in total.

In 2010, PanGang Group Company Ltd. provided 19,708 tons of rails (the total amount) for the first inter-city express railway in Southwest China—Chengdu-Dujiangyan Express Railway.

In 2010, Anshan Iron and Steel Group Corporation provided 10,649 tons of heavy rails for the construction of Beijing-Shanghai High-Speed Railway. Apart from one third of the total heavy rails, PanGang Group Company Ltd. also supplied special section wing rails and high-speed turnout rails.



🔺 Ansteel Group Corporation has made considerable 🔺 The production line for universal rolling mill of 🔺 Anshan Iron and Steel Group Corporation contributions to the national railway construction.



PanGang Group Company Ltd.



is rolling high-speed steel rails.



R & D of New Automotive Steel

By taking full advantage of its state-of-the-art technologies and equipment, Anshan Iron and Steel Group Corporation has stepped up its efforts to conduct R & D of the new-generation iron & steel material. Ansteel Group Corporation has developed the high-strength stamping steel sheets, high-strength phosphorus-containing steel sheets, bakehardening steel sheets, and new cold-rolled and hot-rolled automotive steel, thus providing valuable resources for China's automotive development. In 2010, Anshan Iron and Steel Group Corporation developed high-quality hotrolled sheet for automotive beam. Thanks to its good mechanical properties and excellent surface quality, this specific sheet has been directly used by China FAW Group Corporation for stamping automotive beam. PanGang Group Company Ltd. has successfully rolled a kind of steel for QST700 automotive beam, with the greatest yield strength in China, to replace the double-beam of domestic heavy-duty vehicles with single-beam, which will contribute greatly to saving steel resources.



Anshan Iron and Steel Group Corporati on elements added luster to Liaoning Pavilion at Expo 2010 Shanghai China

At Expo 2010 Shanghai China, Liaoning Pavilion showcased various firsts created by Anshan Iron and Steel Group Corporation in the People's Republic of China:

On July 6, 1949, China's first ironmaking furnace with a capacity of 800 tons (the largest nationwide at that time) was put into operation;

On March 11, 1953, Anshan Iron and Steel Group Corporation's #8 Blast Furnace, China's first automatic ironmaking furnace, started tapping;

On October 27, 1953, China's first seamless pipe was successfully rolled at Anshan Iron and Steel Group Corporation Seamless Pipe Plant;

On November 30, 1953, China's first heavy section was successfully manufactured at Anshan Iron and Steel Group Corporation Heavy Section Plant;



R & D of Nuclear Power Products

Anshan Iron and Steel Group Corporation has manufactured the main forging of the nuclear power product AP1000, a worldwide technical issue, thus making enormous contribution to the independent development of the third-generation nuclear power facilities in China. Therefore, Anshan Iron and Steel Group Corporation has been granted the License of PRC for the Manufacture of Civil Nuclear Security Machinery and Equipment by the National Nuclear Safety Administration.



Anshan Iron and Steel Group Corporation manufactured the main forging of the nuclear power product AP1000.



▲ Liaoning Pavilion at Expo 2010 Shanghai China.



▲ Spectacular China Pavilion.

On February 12, 1954, China's first channel steel, 300 centimeters in width, 7.5 centimeters in thickness, was successfully rolled at Anshan Iron and Steel Group Corporation;

On June 23, 1954, Anshan Iron and Steel Group Corporation No.2 Sheet Mill, China's first automatic sheet mill, was formally put into production;

On July 18, 1956, Anshan Iron and Steel Group Corporation #9 Blast Furnace, China's largest automatic ironmaking furnace, started tapping;

On September 19, 1958, China's largest electrical locomotive was produced at the locomotive works of Anshan Iron and Steel Group Corporation's Transportation Department;

On October 31, 1958, Anshan Iron and Steel Group Corporation #23 Stationary Open-Hearth Furnace, the world's largest open-hearth furnace, started tapping;

On November 19, 1958, Anshan Iron and Steel Group Corporation #10 Blast Furnace, China's largest blast furnace, started tapping;

On March 22, 1969, China's first electronic crane scale was successfully developed at Anshan Iron and Steel Group Corporation No.1 Steelmaking Plant;

In August, 1977, China's first automatic pulse dust collector was developed at Anshan Iron and Steel **Group Corporation**;

On October 7, 1977, China's first 1,500-ton hydraulic press was successfully developed at Anshan Iron and Steel Group Corporation;

On December 27, 1977, China's first blast furnace with an annual capacity of 1,500,000 tons (the largest nationwide) was manufactured at Anshan Iron and Steel Group Corporation;

In 1978, China's first new grade steel used for producing the shell of man-made satellites for space flight was successfully rolled at Anshan Iron and Steel Group Corporation.

08 / Looking into 2011

Strengthening and Optimizing the Iron & Steel Industry

In 2011, Ansteel Group Corporation will focus on improving its overall quality and core competitiveness to turn the iron & steel industry from bigger to stronger. With regard to its established cross-regional, multi-base pattern of development, Ansteel Group Corporation will give full play to the optimal allocation of resources within the group and the reasonable division of productivity in depth so as to enhance its international competitiveness on the domestic market. Meanwhile, it will

further optimize the product mix by increasing the proportion of high value-added products; reinforcing its steel processing center in line with the demands of strategic customers in fields like automotives and household electrical appliances; reasonably positioning its production bases and allocating workload onto various production lines; and optimizing resources allocation and market positioning of products so as to achieve management synergy.

Developing Low-carbon Economy through Advanced Technologies

Ansteel Group Corporation will lead the industry through further enhancing its capability for independent innovation to fulfill the benchmarking and low-carbon development of its core technologies and knockout products; integrate the low-carbon concept into the development of new technologies, techniques and products as well as energy management; undertake a pilot project at Anshan Iron and Steel Group Corporation Bayuquan Steel Base by creating a model base of "green manufacture and green operation" to follow a green development pattern; improve its approach to technological innovation by pushing forward the platform construction for the Research Academy of Future Iron

and Steel, and the State Key Laboratory of Vanadium & Titanium Resources Multi-purpose Utilization; accelerate the implementation of four priority programs during the early Twelfth Five-Year Plan period, such as "Development of Core Technologies for Reduction and Application of Carbon Dioxide Emissions from Ironmaking Blast Furnaces" and "Research into the Core Technology for Clean and Efficient Separation of Vanadium-Titanium Magnetic Iron Core"; further tailor the EVI to the needs of customers' R & D in the light of the R & D requirements of the customers and products.

Improving the Control and Management Approach

In line with its cross-regional, multi-base and internationalized development pattern, optimal overall combinationand according to the strategic idea of "moderately centralized power, reasonable power delegation and systematic monitoring", Ansteel Group Corporation will establish and improve the parent-subsidiary system and the control and management system by defining the obligations and responsibilities of Ansteel Group Corporation and its subsidiaries, specifying the operations rules of the parent company and its subsidiaries, and setting up an auxiliary management system so as to ensure the parent and subsidiary

companies can perform their own duties and achieve effective coordination, optimal overall combination and in-place control. Besides, Ansteel Group Corporation will further its internal reform to carry out "Group-wide Systematic Innovation in Management" by taking the world's advanced steel enterprises as an example; standardizing the management approach and integrating the management system based on the process control and supported by the management functions. By integrating the system and standardizing the operations procedure, management synergy can be achieved.

Developing Important Business

Ansteel Group Corporation will take full advantage of vanadium and titanium resources to enhance the value of the industrial chain through development of the high-end, and the merger of the low-end in order to achieve an expansion of vanadium and titanium products in series and scale; by accelerating the renovation and expansion of old mines, Ansteel Group Corporation will give a huge boost to the construction of new mines to enhance self-sufficiency in iron ore; conduct in-depth

cooperation with both coal and non-ferrous metal enterprises to establish a stable raw materials supply channel to enhance the availability of low-cost resources; continue to combine the industry and finance, create a competitive engineering industry to enhance the diversification of the industry in order to achieve interactive development of the important business and the principal steel business.

Enhancing Internationalized Operation

Ansteel Group Corporation will establish three systems of overseas resources, production bases and sales services for the global value chain, enhance its ability for cross-border management and internationalized operation; speed up the distribution of overseas resources, safeguard the supply of raw materials by controlling resources; master the game rules for

running overseas production bases by taking the opportunity of building factories in the USA so as to lay a solid foundation for their expansion; While making an improvement of its sales and service network, Ansteel Group Corporation will integrate its overseas marketing systems.

Implementing the Strategy of Strengthening Enterprises through Human Resource Development

To meet the requirement of leapfrog development, Ansteel Group Corporation will bring up and train a large number of senior administrative personnel, technical personnel and highly qualified operations personnel with leadership capabilities; strengthen personnel management by improving its system of competitive merit-based appointment; promote the exchange between corporate leaders by carrying out two-way communication of serving temporary positions between the middle management from Anshan Iron and Steel Group

Corporation and PanGang Group Company Ltd.; strengthen the team-building of technical personnel by establishing a promotion channel for post-based training; establish the position-based ranking for engineering and technical personnel to achieve a dual channel of promotion for both administrative and technical personnel; strengthen the team-building of technicians by establishing a promotion channel for them; carry out the position-based ranking for technicians to expand their scope for development and improve the relevant management system.

Combating Corruption and Building a Clean Management

Ansteel Group Corporation will integrate anti-corruption into its management system, improve the monitoring mechanism for "three systems as an entire unity" at Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd., establish a mechanism for management synergy; set up a team to punish and prevent corruption through concerted efforts, improve communication and collaboration in order to ensure that much headway can be made in punishing and preventing corruption. In

addition, Ansteel Group Corporation will pass on its experience in preventing and punishing corruption to create a sound atmosphere for promoting integrity; explore an approach to performance monitoring suitable for corporate development; give full play to performance monitoring in offsetting weakness, standardizing management, improving institutions, controlling risk and improving performance to enhance its capability for control and management.

Combating Corruption and Building a Clean Management

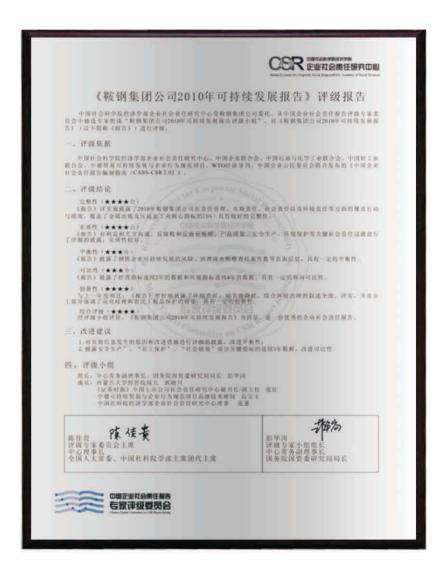
Ansteel Group Corporation will improve its long-term mechanism for poverty alleviation through financial, medical, housing and placement support; promote the "one-to-one" and "many-to-one" mechanism for assistance; continue to participate in such activities as disaster relief, poverty alleviation, donation and aid

for schooling; strengthen cooperation between the enterprises and the local government in terms of economic development, resources exploitation and environmental protection to boost the social service .

Social Assessment

No.	Honors and Awards	Sponsor	Time
1	Anshan Iron and Steel Group Corporation Mining Industry Company was honored as "Outstanding Entity for Its Contributions to Liaoning's Project Hope".	Liaoning Project Hope Office	Feb. 2010
2	Women's tug-of-war team of Anshan Iron and Steel Group Corporation won a gold medal in 500kg event at the World Indoor Tug of War Championships, the first of its kind ever captured by China in such Championships, and a silver medal in 540kg.	Tug of War International Federation	Feb. 2010
3	Anshan Iron and Steel Group Corporation was conferred the honorary title of "Model Entity in the First National Census of Pollution Sources".	Leading Group Office of the State Council for First National Census of Pollution Sources	Mar. 2010
4	PanGang Group Company Ltd. was honored as "Model Entity among Centrally-administrated SOEs in Promoting IT Application".	The State-owned Assets Supervision and Administration Commission of the State Council	Apr. 2010
5	PanGang Group Company Ltd. was awarded the honorary title of the National Model of the People's Mediation Committee.	Ministry of Justice of the People's Republic of China	May. 2010
6	Anshan Iron and Steel Group Corporation won the 2009 Golden Bee Award for Leading Enterprises.	China WTO Tribune under the Ministry of Commerce; "Golden Bee" CSR Research and Development Center	May. 2010
7	Anshan Iron and Steel Group Corporation won the special award for progress in evaluation management during 2007-2009.	The State-owned Assets Supervision and Administration Commission of the State Council	Jul. 2010
8	Research into and Industrial Application of the Core Technologies for Reducing Emission and Improving Efficiency of Low-Grade Magnetic Iron Ore at Gongchangling Ore Dressing Plant, Development of Low Carbon Silicon-aluminum-free (Low 4I) Transformation Induced Plasticity (TRIP) Steel, and Independent Research into and Industrial Application of the Core Technologies for Sheet-Shape Control for Cold Rolling Mill of Anshan Iron and Steel Group Corporation were granted the First-Class Award of Scientific and Technological Award for the Metallurgical Industry.	China Iron & Steel Association; The Chinese Society for Metals	Aug. 2010
9	Anshan Iron and Steel Group Corporation was conferred the honorary title of "Model Enterprise for Integrating Industrialization and Information Technology to Push Forward Energy Conservation and Emission Reduction".	Ministry of Industry and Information Technology	Sept. 2010
10	Anshan Iron and Steel Group Corporation ranked among "Top 500 Brands in Asia", "Top 500 Brands in China", and was granted the annual award of "China's Brand in 2010".	World Brand Laboratory	Sept. 2010
11	Anshan Iron and Steel Group Corporation won the China Star Award for Strategy Execution in 2010.	Evaluation Council for the China Star Award for Strategy Execution	Sept. 2010
12	Anshan Iron and Steel Group Corporation and PanGang Group Company Ltd. were selected into the National Top 60 Cases for Corporate Spirit at the 60th anniversary for the founding of New China.	China Research Institute of Enterprise Culture	Nov. 2010
13	Anshan Iron and Steel Group Corporation was awarded the Winning Prize for China Safety and Health Cup 2010.	All-China Federation of Trade Unions; the State Administration of Work Safety	Nov. 2010
14	PanGang Group Company Ltd. was selected into Top 100 Enterprises in Sichuan Province.	Sichuan Enterprise Confederation; Sichuan Enterprise Directors Association	Nov. 2010
15	A Technique for Manufacturing Bainitic Steel of Anshan Iron and Steel Group Corporation won the Chinese Patent Award of Excellence at the 12th China Patent Award Selection.	State Intellectual Property Office of the People's Republic of China	Nov. 2010
16	Anshan Iron and Steel Group Corporation was conferred the honorary title of "Outstanding Organizer of 2010 National Fitness Activities"; Anshan Mining Company was elected as "2010 Model Entity for National Fitness Activities".	General Administration of Sport of China	Dec. 2010
17	Anshan Iron and Steel Group Corporation was honored as China's leading enterprise in the industry.	China Industry News	Dec. 2010
18	Anshan Iron and Steel Group Corporation was honored as "2010 Chinese Enterprise of Year in Reform".	China Society of Economic Reform; China Economic Reform Agency	Dec. 2010
19	Anshan Iron and Steel Group Corporation was conferred the honorary title of "Excellent Organizer" at the 8th Selection of China Young Volunteers.	Central Committee of the Communist Youth League of China; China Young Volunteers Association	Dec. 2010
20	AnGang Steel Co., Ltd. won the China Quality Award.	China Association for Quality	Dec. 2010
21	The Strategic Cost Management Based on the Value Chain by a Large Iron Mine Enterprise and the Establishment and the Implementation of a Strategic Performance Management System for a Large-sized Iron & Steel Enterprise earned Anshan Iron and Steel Group Corporation first and second prize at the 17th Selection of National Enterprise Management Modernization Innovation Achievements.	Evaluation Committee for the National Enterprise Management Modernization Innovation Achievements	Dec. 2010
22	Anshan Iron and Steel Group Corporation was awarded the honorary title of Model Entity for Performance of Young Volunteers of Centrally-administrated SOEs.	Work Committee of the Communist Youth League of China in State-owned Enterprises Directly Administered by the Central Government	Dec. 2010
23	PanGang Group Company Ltd. was honored as National Model Entity for "Upholding Ideals and Comparing Contributions".	China Association for Science and Technology; National Development and Reform Commission; Ministry of Science and Technology; the State-owned Assets Supervision and Administration Commission of the State Council	Dec. 2010
24	Anshan Iron and Steel Group Corporation Sustainability Report 2009 won the Golden Bee 2010 Excellent CSR Report for Leading Enterprise.	China WTO Tribune under the Ministry of Commerce; "Golden Bee" CSR Research and Development Center	Dec. 2010
25	The Integrated Development of Operational Procedures and Apparatuses for the Production Line for On-line Heat Treatment of 100-meter-long Steel Rails undertaken by PanGang Group Company Ltd. won the Second Class Award of the State Scientific and Technological Progress Award for year 2010.	The State Council of People's Republic of China	Jan. 2011
26	Anshan Iron and Steel Group Corporation was conferred the honorary title of "Honoring Contract and Valuing Credibility" in 2010.	State Administration for Industry & Commerce	Mar. 2011

Rating Report on Ansteel Group Corporation Sustainability Report 2010



Chinese Expert Committee on CSR Report Rating made the following conclusions for Ansteel Group Corporation Sustainability Report 2010: The report discloses in detail the information regarding the measures and performance for responsibility fulfillment in terms of responsibility management as well as market, social and environmental responsibilities; and issues concerning social responsibility, such as communication with stakeholders, corruption and commercial bribery crackdown, product quality, production safety and environmental protection. The report presents more information on energy conservation and consumption reduction, and environmental rehabilitation in terms of environmental responsibility, and highlights the corporate policy for opposition to bias against anyone and protection of migrant workers' rights and interests. The report also discloses negative information on the risks for sustainable development of iron & steel enterprises and the number of cases handled on commercial bribery. This report was rated as an excellent corporate social responsibility report.

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Question	naire —		
Dear readers:			
Corporation. We would	d like to seek your o y and sustainable d	ppinions and suggestions so	ciety since the establishment of Ansteel Group or as to help us make an improvement in fulfillment ghly appreciate it if you could spare some time to
Do you think this society and enviro		significant impact Ansteel	Group Corporation. has exerted on the economy,
○ Yes ○ Fairly	y ○ No		
Does this report Corporation and the	make an exact a ne stakeholders?	ınd comprehensive analys	sis of the relationship between Ansteel Group
○ Yes ○ Fairly	y ○ No		
3. Are the informatio	n and data disclose	d in this report clear, accura	ate and complete?
○ Yes ○ Fairly	√ ○ No		
4. Are the content la	yout and format des	sign in this report helpful for	your reading?
○ Yes ○ Fairly	√ ○ No		
5. Which aspect in the	nis report strikes you	u most satisfactory?	
6. What else you nee	ed should have beer	n presented in this report?	
7. What suggestions	do you have on our	release of the sustainability	y report in the future?
YOUR INFORMA	ATION		
Name:	Title:	Tel.:	E-mail:
Employer:			
Thank you	for your sup	nort! Fax: 0412-6724	p Corporation 4040 Postal code: 114021 gement Innovation Department Anshan Iron and Steel