



**Create Value For
Shareholders, Customers, Employees And The Society**

ANSTEEL GROUP CORPORATION

Sustainability Report

2013





About the Report

Report Coverage

With Ansteel Group Corporation (hereinafter referred to as Ansteel Group) as the main body, the report covers the affiliated Anshan Iron and Steel Group Corporation (hereinafter referred to as Anshan Iron and Steel) and Panzhihua Iron and Steel Group Co., Ltd. (hereinafter referred to as Pansteel) as well as their non-steel industry sectors and directly affiliated entities. The report discloses the concept, practice and performance of Ansteel Group in fulfilling its social responsibility and promoting sustainable development from January 1, 2013 to December 31, 2013. With a view to familiarizing stakeholders with the progress in fulfilling social responsibility and promoting sustainable development by Ansteel Group, this report discloses the actual data in the recent three to five years.

Release Cycle of the Report:

This report is an annual report and also the Seventh Sustainability Report of Ansteel Group.

Main Reference Standards of the Report

Guidelines for the State-owned Enterprises Directly under the Central Government on Fulfilling Social Responsibility issued by State-owned Assets Supervision and Administration Commission of the State Council (SASAC)

Sustainability Reporting Guidelines (G4) issued by Global Reporting Initiative (GRI)

Guidelines for the Compilation of Social Responsibility Reports by Chinese Enterprises (CASS-CSR2.0) issued by Chinese Academy of Social Sciences

Guidelines for Fulfilling Social Responsibility by Chinese Industrial Enterprises and Industrial Associations (GSRI-CHINA2.0) issued by China Federation of Industrial Economics

Report Guarantee

The financial data included in this report conform to *Accounting Standards for Enterprises* and relevant accounting systems issued by the State and have been audited in accordance with *Internal Audit Standards of China*, thus indicating the financial indicators and operational conditions of factually. All the sums of money in the report are in the unit of CNY unless otherwise stipulated. The report has been internally audited, which ensures the authenticity, accuracy and completeness of the report.

Access to the Report

This report is issued in print and online forms, and the online version is available at the Ansteel Group Corporation's website (<http://www.ansteel.cn>).

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Zhang Guangning

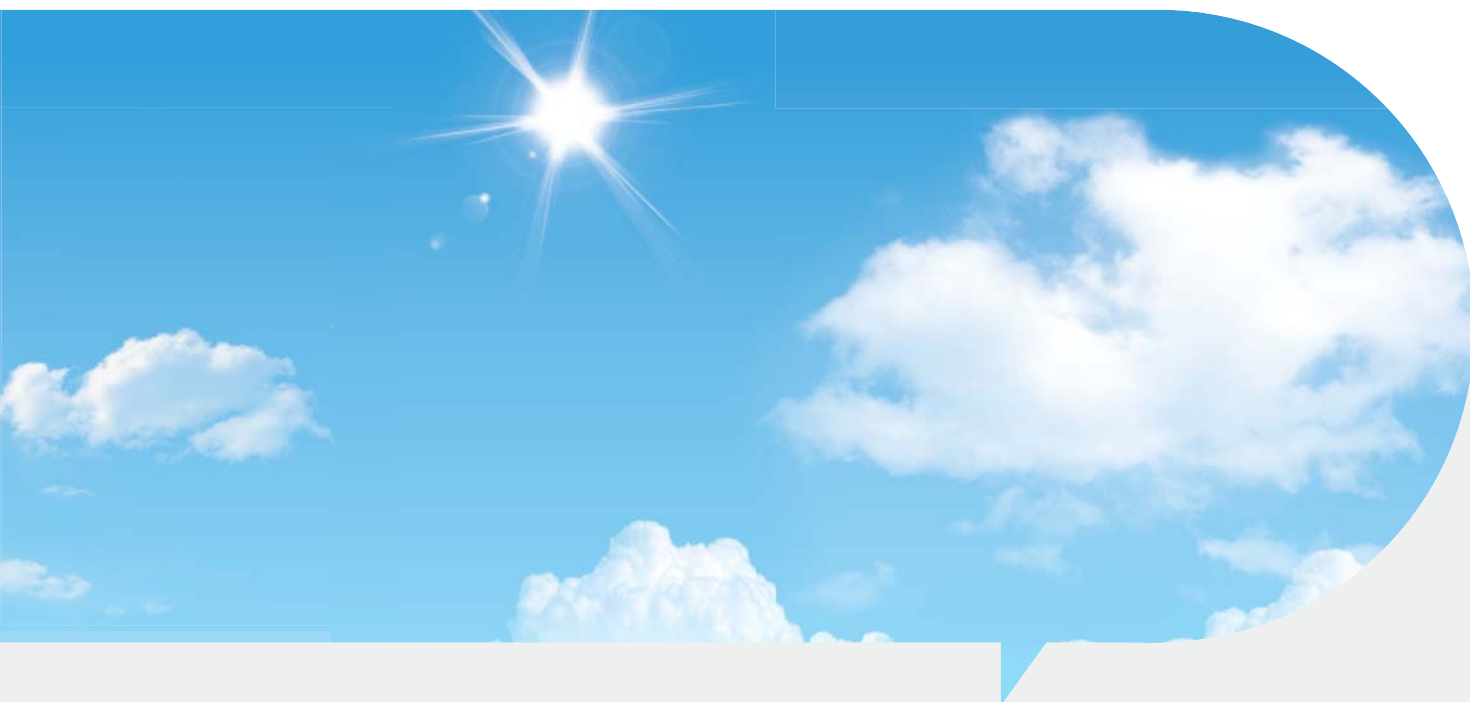
Chairman & Secretary of the Party Committee,
Ansteel Group Corporation

Chairman's Message

The year of 2013 was a key period in the development course of Ansteel Group. Confronted with the grim market conditions and the arduous tasks of eliminating losses and increasing efficiency, the mass cadres and employees of Ansteel Group continued to implement the scientific outlook on development, establish and the "Six Development Concepts" and put them into practice, comprehensively launched a campaign to eliminate losses and increase efficiency with a strong will of steel like the soldiers in storming of heavily fortified positions and strived to improve their capability to fulfill their social responsibility.

In 2013, Ansteel Group focused on the implementation of "giving equal attention to two both links at the same time in nine areas". Specifically, Ansteel Group paid equal attention to changing concepts and "the three reforms and one reinforcement"; to the establishment of corporate governance structure in Ansteel Group and the improvement of the management and control structure for Ansteel Group; to eliminating the losses and increasing the efficiency of regional companies and stopping bleeding for the key enterprises in the red; to market expansion and new product development and structural adjustment; to reducing costs by eliminating loopholes in expenditures and environment improvement; to the construction of the "four teams" and the reform of R&D institutions; to the raise in employees' earnings and the resolution of long standing problems; to planning the enterprise development with global perspective and the development of non-steel industries; and to the "mass line" education campaign of the Party and the transformation of the leaders' work style. Though the situation of the iron and steel industry did not take a turn for the better, Ansteel Group managed to reduce its loss by RMB 10.8 billion in the statistics of the same calibre, overfulfilling the target for loss control set by SASAC.

In 2013, Ansteel Group further improved its governance system. On the basis of improving its corporate governance system, reinforcing the construction of the board of directors and enabling it to exert its functions, and in light of the principle of high capability and efficiency, Ansteel Group completed the establishment of its headquarters and the two regional subsidiaries, namely, Anshan Iron and Steel and Pansteel, and integrated its six non-steel industrial sector platforms respectively for engineering, comprehensive industry, information, international trade, finance and chemical engineering, thus forming a group management and control structure of "regional companies + non-steel industrial sectors" under the unified leadership of Ansteel Group.



In 2013, Ansteel Group unswervingly took it as its responsibility to develop environmentally-friendly and low-carbon economy, continued to enrich the connotation of the "clean, green and low-carbon" development of iron and steel industry to make effort to improve Ansteel Group's social and environmental benefits. To accelerate the execution of energy-conservation and environmental projects, Anshan Iron and Steel has made a plan to invest RMB 7.1 billion in the environmental treatment and renovation in 3 years, which was commended by circulating a notice by the People's Government of Liaoning Province. To comprehensively improve the ecological environment, Anshan Iron and Steel implemented refractory limekiln transformation project and Pansteel implemented the projects including the transformation of the flue gas desulfurization devices of sintering machines in Xichang Steel and Vanadium Co., Ltd.

In 2013, Ansteel Group successfully convened its first Congress of Party Representatives, confirming its overall train of thought which highlighted "one major thread", aimed to win "two battles", enlarged "three industries", concentrated on "the construction of four fields" and realized "one goal", which would play a key guiding role in the development of Ansteel Group in the days to come.

The year of 2014 is the first year when Ansteel Group implements the spirit of the Third Plenary Session of the 18th CPC Central Committee and the First Congress of the Party Representatives of Ansteel Group, and a key year for wining "the two battles", namely, eliminating losses and increasing efficiency, and transformation and upgrading. With the passion and courage embodied in the verse "Confidently believing that man can live up to two hundred years old and so can swim an accumulated length of three thousand miles", Ansteel Group will overcome difficulties and take up challenges to create higher value for its shareholders, clients and employees and the society and make greater contribution to the establishment of an all-around affluent society and the realization of the Chinese dream of a great rejuvenation of the Chinese nation!



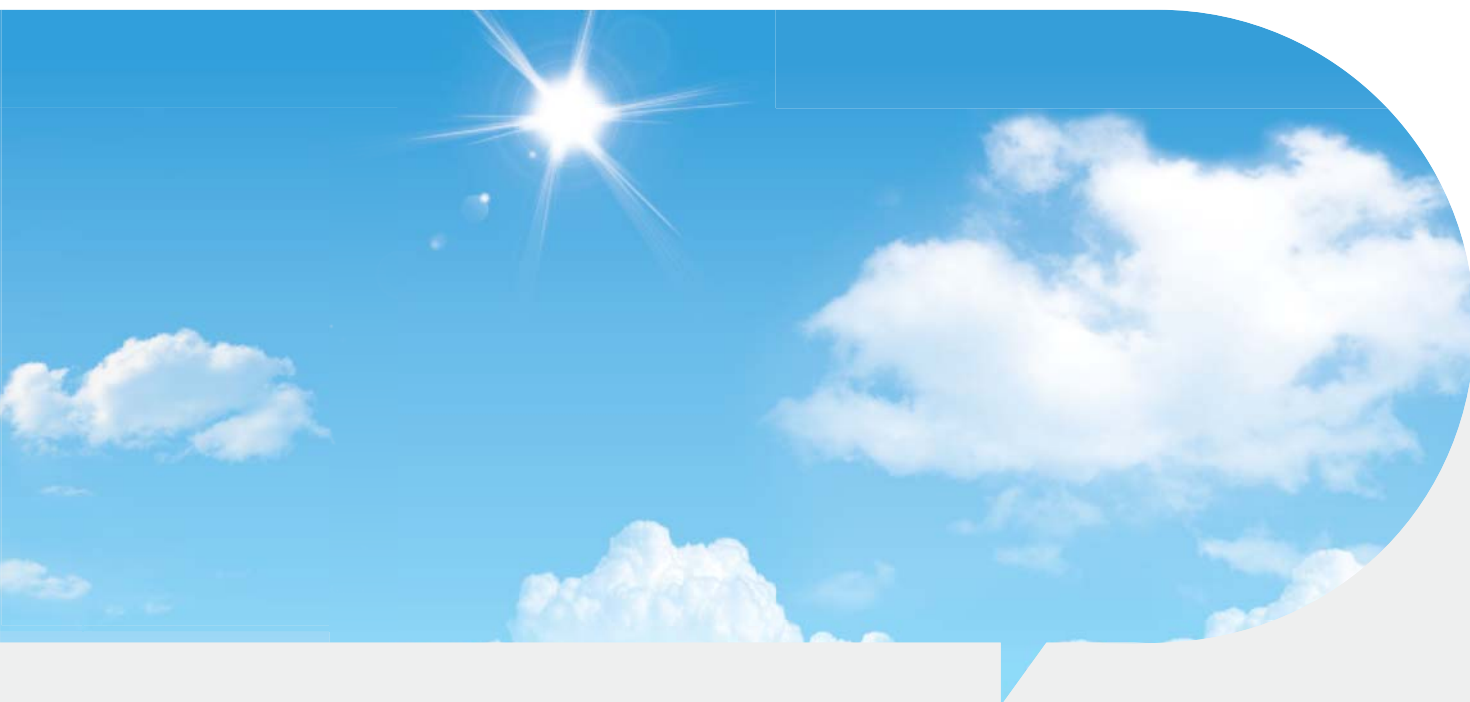
Zhang Xiaogang
President of Ansteel Group Corporation

President's Message

In 2013, Ansteel Group achieved some major initial achievements in eliminating losses and increasing efficiency and comprehensively improved its capability to fulfill its social responsibility by proactively coping with the complicated and grim situation, vigorously promoting reform and innovation, accelerating the steps in transformation and upgrading, and sharpening its competitive edge.

In the last year, Ansteel Group deepened the corporate reform and further improved its corporate governance system. The work of the board of directors was standardized and corporate governance structure was improved. Ansteel Group completed the establishment of its headquarters and two regional subsidiaries, namely, Anshan Iron and Steel and Pansteel, and established six non-steel industrial sectors of engineering, comprehensive industry, information, international trade, finance and chemical engineering, thus forming a governance system of "regional companies + non-steel industrial sectors" under the unified leadership of Ansteel Group. Ansteel Group implemented the innovation-driven strategy and made breakthroughs in technical innovation. It had 1,752 patent applications handled by the State and won eight Metallurgical Technology Progress Awards, ranking among the forefront of domestic iron and steel enterprises. It accelerated the development of resource industries and non-steel industries and its profitability and contribution were steadily improved. It provided support for non-steel industries to participate in the competition in external markets by issuing related encouragement policies and incentive measures, and enhanced their capability for independent development and venture and value creation through decentralization and revitalization. It promoted transformation to expand mine capacity and the Karara Iron Ore Project was officially completed and put into operation. Furthermore, Ansteel Group promoted the construction of key vanadium and titanium projects and established national key laboratories for vanadium and titanium. The projects including chloride process titanium dioxide project and vanadium-aluminum alloy project of Chongqing Titanium Industry Co., Ltd. were progressing smoothly.

In the last year, Ansteel Group vigorously promoted energy conservation and emission reduction, incorporated the concepts of green and low-carbon economy and environmental protection into the whole process of production and operation, accelerated its transformation and upgrading and promoted the research and application of green manufacturing technology to build itself into a resource-saving and environmentally-friendly enterprise. *Implementation Plan of the Blue Sky Program of Ansteel Group Corporation* was formulated. Zhuoxiu Garden, an eco-garden of 450,000 square meters, was built in the plant, thus setting a model for improving the environment at the plant as well as in the urban district. Anshan Iron and Steel implemented twelve energy management contract projects, creating economic benefit of RMB 140 million, established an energy management and control center to



improve energy efficiency by exploiting its advantage in integration. Pansteel reinforced the operational management of environmental monitoring facilities and energy-consuming equipments, actively conducted the recycling use of waste gas, water and industrial residue and accelerated the transformation of flue gas desulfurization devices of sintering machines in Xichang Steel and Vanadium Co., Ltd. and Pansteel to comprehensively improve the ecological environment.

In the last year, Ansteel Group energetically enhanced its efforts in building spiritual civilization and enterprise culture. It further promoted the activity of "Carrying Lei Feng Spirit forward and Striving to Be an Employee Like Guo Mingyi", opened the microblog account of "Guo Mingyi of Ansteel", developed and enlarged the Guo Mingyi Love Team to give full play to the guiding role and the brand effect of Guo Mingyi, a Lei Feng in the modern times, and other progressive representatives, exhibiting Ansteel Group's unswerving pursuit of being a practitioner taking social responsibility and a mover for a harmonious society. It adhered to the people-oriented principle and earnestly protected the rights and interests of its employees. It upheld the spirit of "Ansteel Constitution" and further promoted the "Online Participation in the Management of the Enterprise" activities to expand the channels for employees to participate in democratic management. On the basis of realizing the goal of cost reduction and efficiency increase, it strived to raise the earnings of its employees. It cared for the lives of its employees and put more effort in supporting needy employees. In addition, Ansteel Group conducted all-round public service activities for external parties, including donations to disaster-stricken areas, and rescue and aid.

The year of 2014 is the first year to implement the spirit of its First Congress of Party Representatives of Ansteel Group Corporation, and also a key year for winning the battle of eliminating losses and increasing efficiency. We will, with greater determination and courage and by adhering to deepening the reform and accelerating transformation and upgrading, make every effort to win the battle of eliminating losses and increasing efficiency, improve the overall strength of Ansteel Group, and strive to be a model in fulfilling social responsibility so as to create a greater value for shareholders, clients, staff and the society.



CHAPTER 01

Profile

Brief Introduction to Ansteel Group

Board of Directors

Senior Managers

Organization Structure



Indicator System of the Social Responsibility and Sustainable Development of Ansteel Group Corporation

Brief Introduction

Corporate Name, Corporate Ownership
Property and the Location of Its
Headquarters
Corporate Main Products and Services
Corporate Operation Areas and
Operation Structure, including main
departments and the number of operation
enterprises
Corporate Scale and Its Productivity
The Quantities of the Products and
Services Provided

Corporate Leadership

the Structure of Corporate Board of
Directors
Corporate Governance Structure

Organization Structure

Corporate Organization Structure
Diagram

Brief Introduction to Ansteel Group

Ansteel Group Corporation was founded in May 2010 through the merger and restructuring of the former Anshan Iron and Steel Group Corporation and Pansteel Group Company Ltd. Ansteel Group has ranked among the list of Fortune 500 for three consecutive years and ranked No. 475 in 2013 with an annual income of US 25.231 billion dollars, up by 18 places over the previous year. Anshan Iron and Steel Group Corporation was the first large-sized steel conglomerate and the earliest steel production base created after New China was proclaimed, therefore known as the “Cradle and the Chinese Steel Industry” and the “Eldest son of the Steel Industry of the Republic”; Pansteel Group Company Ltd. is the largest vanadium maker in China and the second largest in the world, the largest titanium raw material production base in China and also an important production base of titanium pigment, railway steel and seamless pipe. Ansteel Group has formed a multi-base, cross-regional and internationalized layout, being a steel enterprise with the most complete layout and the greatest resource advantage in China.

Ansteel Group boasts a complete series of steel products, including hot rolled strip, cold-rolled sheet, galvanized sheet, color-coated sheet, cold-rolled silicon steel, heavy rail, seamless pipe, wire rods, special steel and steel rope, etc.; vanadium series like vanadium- nitrogen alloy, vanadium pentoxide and high-vanadium iron; and titanium series like high-titanium slag, titanium pigment, titanium sponge and titanium materials. 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 and are exported to more than 30 countries and regions, including the US, the UK and Japan.

Ansteel Group owns two regional subsidiaries, namely, Anshan Iron and Steel and Pansteel, and six non-steel industrial sectors including engineering, comprehensive industry, information, international trade, finance and chemical engineering, as well as four directly affiliated agencies, namely, future iron & steel research institute, economic research institute, talent development institute and Educational and Training Center. Anshan Iron and Steel now has 28 wholly-owned subsidiaries, holding subsidiaries and directly affiliated entities, while Pansteel has 35 wholly-owned subsidiaries and holding subsidiaries.

Ansteel Group currently has a total of 202,800 employees, of whom 184,600 are on the job. In 2013, Ansteel Group produced 35.0165 million tons of iron, 33.6868 million tons of crude steel, 32.0651 million tons of finished steel, 22,400 tons of high-vanadium steel and 77,200 tons of titanium pigment, accomplishing an operating receipt of RMB 155.128 billion.

Board of Directors

Name	Position
Zhang Guangning	Chairman
Zhang Xiaogang	Director
YinLi	Employee Director
XuZhiwu	Director
ZhangChangfu	Outside Director
ZhangHongbiao	Outside Director
FanYingjun	Outside Director
ZengYukang	Outside Director
DaiDeming	Outside Director

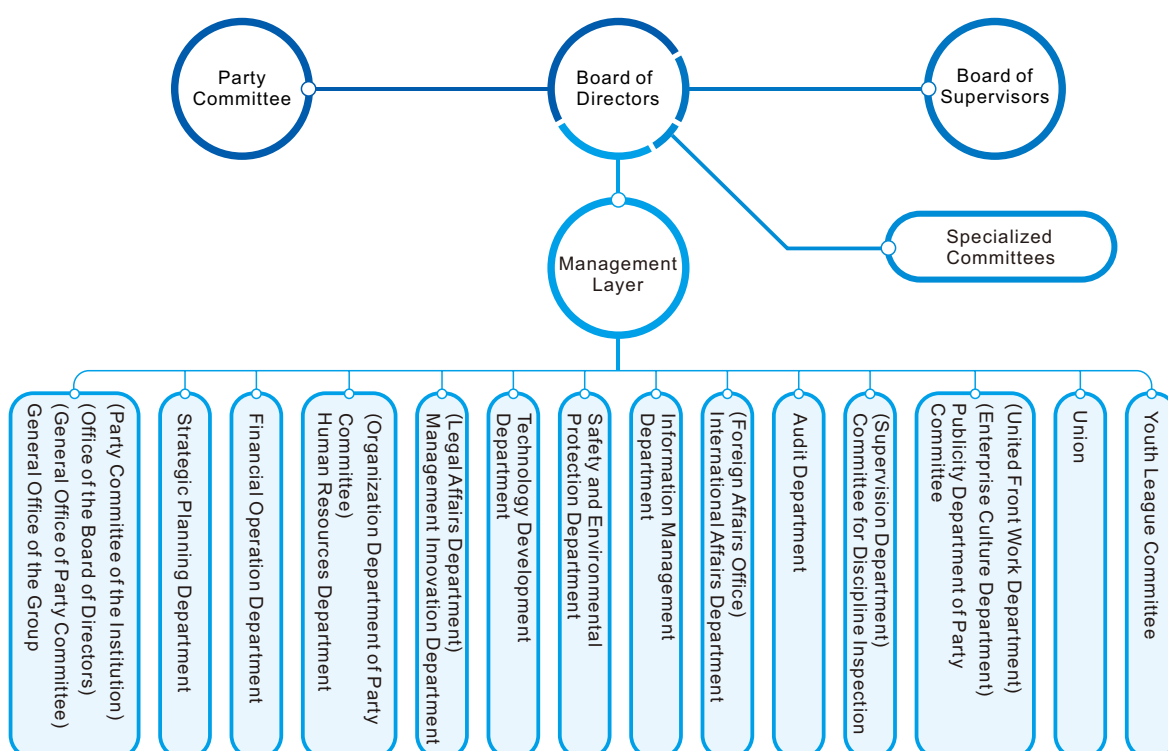
Note: Since July 2013, Xu Zhiwu has been serving as a director of Ansteel Group Corporation, while Su Wensheng ceased to be a director of Ansteel Group Corporation from then on.

Senior Managers

Name	Title
Zhang Guangning	Chairman of the Board of Directors and Secretary of CPC Committee of Ansteel Group Corporation
Zhang Xiaogang	Director, President and Vice Secretary of CPC Committee of Ansteel Group Corporation
Yin Li	Employee Director, Vice Secretary of CPC Committee and Chairman of the Labor Union of Ansteel Group Corporation
Tang Fuping	Member of CPC Standing Committee and Vice President of Ansteel Group Corporation
Yang Hua	Member of CPC Standing Committee of Ansteel Group Corporation
Yu Wanyuan	Member of CPC Standing Committee, Vice President and General Accountant of Ansteel Group Corporation
Yao Lin	Member of CPC Standing Committee and Vice President of Ansteel Group Corporation
Chen Ping	Vice President of Ansteel Group Corporation
Yu Zisu	Member of CPC Standing Committee and Vice President of Ansteel Group Corporation
Bai Jingpu	Vice President of Ansteel Group Corporation
Xu Zhiwu	Director, Member of CPC Standing Committee and Secretary of Committee for Discipline Inspection of Ansteel Group Corporation
Zhang Jingang	Secretary of Board of Directors of Ansteel Group

Note: Since July 2013, Xu Zhiwu has been serving as a director, member of CPC Standing Committee and Secretary of Committee for Discipline Inspection of Ansteel Group Corporation, while Su Wensheng ceased to take the positions from then on.

Organization Structure



CHAPTER

02

Social Responsibility Management

Responsibility Culture

Responsibility Governance

Responsibility Promotion

Responsibility Communication



Indicator System of the Social Responsibility and Sustainable Development of Ansteel Group Corporation

Responsibility Culture

Enterprise Mission
Enterprise Spirit
Core Value
Development Concept
Enterprise Culture Building
Staff Moral Standard

Responsibility Governance

Social Responsibility Leading Institution
Social Responsibility Management System

Responsibility Promotion

Participative Social Responsibility Organizations and Responsibility Promises
Social Responsibility Training
Work Planning of Social Responsibility
Promoting the Undertaking of Social Responsibility of Affiliated Enterprises

Responsibility Communication

Communication Mechanism with Shareholders
Investor Relation Management System
Working Measures for Responding to Stakeholders' Concerns
Joining Various Organizations and Associations at Home and Abroad
Situation of Participating in the Activities of Organizations and Associations

Responsibility Culture

Core Values



Enterprise Culture Building

Goal of Enterprise Culture Building

By the year of 2015, we will further strengthen the various basic works on the enterprise culture establishment, vigorously promote enterprise culture innovation, build up an enterprise culture system which corresponds to the development strategic targets of Ansteel Group, set up a view on values that could be highly recognized by our staff and be consciously practiced, create advance enterprise culture.

Enterprise Culture Building

Ansteel Group launched its website. At 8 o'clock on August 8, 2013, Ansteel Group Corporation's website was officially launched. The website set up nine columns including Overview, News Center, Investor Relations, Enterprise Culture, Human Resources, Business Sectors, Products & Services, Sustainability and Social Responsibility. They exhibit the enterprise image, brand image and advanced culture of Ansteel Group Corporation in a comprehensive, visual and vivid manner, building a communication, exchange and service platform for the stakeholders, the parties concerned with Ansteel as well as media workers.



Ansteel Group Corporation's website was officially launched.

Ansteel Group further promoted the activities of learning from Guo Mingyi. It re-organized the Guo Mingyi's Stories Report Group to make four speeches in different production bases including Anshan Iron and Steel and its affiliated Bayuquan branch and Chaoyang Anling branch, Pansteel and Xichang Steel Vanadium Co., Ltd. affiliated to it. A total of 34,000 employees watched the speeches live or through video. It further promoted the activity "Carrying Lei Feng Spirit forward and Striving to Be an Employee Like Guo Mingyi", conducted competitions for creating model units in providing good services by learning from Guo Mingyi and organized staff to participate in the activities of "The Most Beautiful Persons in Anshan".

Ansteel Group Corporation promoted the application of Ansteel Group Visual Recognition System. Ansteel Group Corporation released the Visual Recognition System Manual for the first time to unify and standardize the enterprise name, logo, standard colors and other visual recognition elements, taking an important step in creating a unified brand and promoting the cultural construction of Ansteel Group.

Ansteel Group conducted activities for the creation of spiritual civilization.

136 Civilized units	11 civilized operation areas
8 civilized platforms	12 civilized posts
9 civilized windows	



Ansteel Group Corporation Visual Recognition System Manual.

Ansteel Group built the Ansteel Group Exhibition Hall. To reinforce the building of corporate culture, create a first-class staff team and improve the soft power of Ansteel Group in competition, Ansteel Group built Ansteel Group Exhibition Hall. It will be a large-scale modernized and comprehensive exhibition hall that displays the glorious history, reform and innovation, technical progress, heroes and models, and cultural brand of Ansteel Group, as well as an important cultural front of Ansteel.



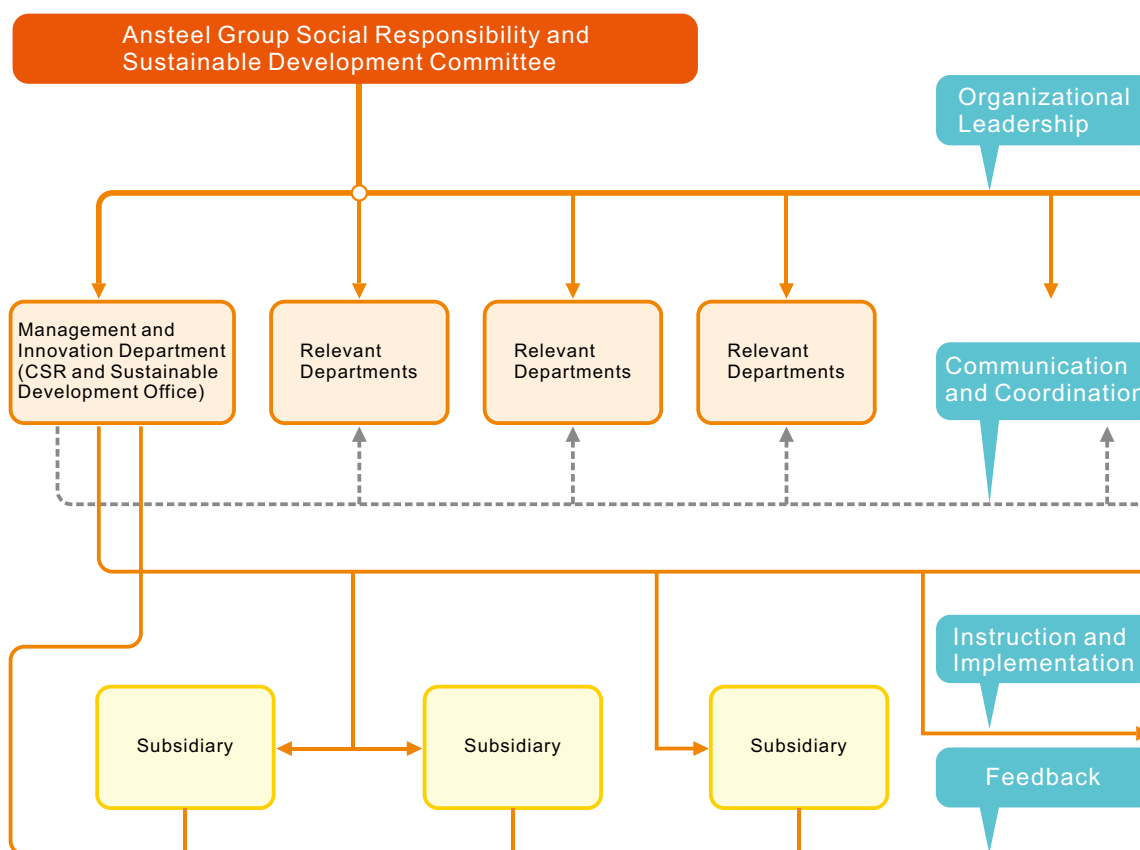
Ground-Breaking Ceremony of Ansteel Group Exhibition Hall.

Responsibility Governance

Improving Management System

To effectively improve the capacity of Ansteel Group to fulfill its social responsibility and to establish a scientific, systematic and standardized corporate social responsibility management system, the corporate social responsibility management system and operation mechanism of Ansteel Group were designed and optimized. In accordance with its new management and control model and by referring to the corporate social responsibility management standards at home and abroad, Ansteel Group designed an indicator system for corporate social responsibility and sustainable development with strategic management, business performance, technical innovation, resource environment, staff protection and social development as its core contents. It further incorporated corporate social responsibility into its corporate development strategy and resolved the targets of corporate social responsibility and implemented them in every aspect of its production and operation to comprehensively integrate social responsibility into production and operation.

Diagram of the managing and operational system for social responsibility and sustainable development of Ansteel Group



Social Responsibility Practice Management

Ansteel Group established a report release system featuring a clear division of management responsibility, an organized work system, a sound organizational system and detailed report contents to publish its sustainable development report to external parties on a regular basis. At the 2014 China Industrial Economy Industry Corporate Social Responsibility Report Release Conference, Ansteel Group released the 2013 *Ansteel Group Corporation Sustainability Report*, displaying to the society the achievements that Ansteel had made in fulfilling social responsibility and achieving sustainable development. To date, Ansteel Group has successively released seven sustainable development reports, giving full play to their role as an information disclosure platform and responding to the concerns of stakeholders comprehensively.



Responsibility Promotion

Zhang Xiaogang was elected as the President of International Organization for Standardization (ISO)

At the 36th ISO General Assembly held in St.Petersburg, Russia on September 20, 2013, Zhang Xiaogang, President of Ansteel Group, was elected as the new President of ISO for a term from 2015 to 2017, making him the first Chinese ISO president. The election of Zhang Xiaogang as the ISO president, as a historical breakthrough of China in its participation in international standardization activities, will remarkably drive the development of China's standardization and be of great significance to the promotion of China's technical standards to be international standards, the increase of China's influence on international standardization activities, and exerting a supporting role in "creating an upgraded Chinese economy and realizing the dream of building a powerful country by improving quality".



State Councilor Wang Yong met with Terry Hill, then President of International Organization for Standardization, and Zhang Xiaogang, the newly-elected President of ISO and President of Ansteel Group.



After being elected as the new President of ISO, Zhang Xiaogang, President of Ansteel Group, stated that he would do his utmost to make contributions to technical innovation, human civilization and social progress.

Holding "Transformation and Upgrading for Future Development" Experts Forum

On August 26, 2013, Ansteel Group invited more than 30 leaders, experts and scholars from state ministries and commissions, industrial associations, iron and steel enterprises, downstream enterprises and institutions of higher learning to discuss the subject of "Transformation and Upgrading for Future Development" in depth. Keynote speeches were made by 7 leaders or experts, including Zhang Guobao, Chairman of Expert Advisory Committee of National Energy Administration, a former member of the Party Leadership Group and Vice Chairman of the National Development and Reform Commission and former Director-general of National Energy Administration, Wu Xichun, Honorary President of China Iron and Steel Association, and Yin Ruiyu, an academican of Chinese Academy of Engineering. They made in-depth analysis of the development tendency of macro-economy and the iron and steel industry and the transformation pressure and upgrading potential of iron and steel industry, and proposed many valuable advices to Ansteel Group in its transformation, upgrading and future development, thus providing their strong support for the continuous transformation and upgrading of China's steel industry.



"Transformation and Upgrading for Future Development" Experts Forum was held by Ansteel Group.

Promoting Cyclic Economy Development of Iron and Steel Enterprises

On August 16, 2013, the Experience Exchange Meeting on the Comprehensive Utilization of Metallurgical Slag Resources was held by Ansteel Group and attended by the experts from the units utilizing metallurgical slag comprehensively in major steel enterprises and the enterprises and research institutes related to the development and utilization of metallurgical slag around the country. They exchanged their advanced technologies and outstanding achievements in the advanced treatment and efficient utilization of metallurgical slag and probed into the development trend of comprehensive utilization of metallurgical slag to boost China's technology and level in this regard.



Experience Exchange Meeting on the Comprehensive Utilization of Metallurgical Slag Resources was held by Ansteel Group.

Social Responsibility Research and Communication

Ansteel Group played an active part in the social responsibility research and communication organized by governmental or social agencies, such as SASAC and China WTO Tribune of the Ministry of Commerce, to promote the continuous development of social responsibility work. In 2013, Ansteel Group's social responsibility practice case entitled *Green Iron & Steel and Green Development* was selected as an excellent social responsibility practice case of the state-owned enterprises directly under the Central Government in 2013. It participated in the events including Searching for Bee-like Enterprises organized by China WTO Tribune of the Ministry of Commerce and won the "Golden Bee Enterprise" title at release ceremony of the 2013 Golden Bee CSR China Honor Roll. The case of Ansteel Group entitled *Utilizing Iron Tailing Resources Comprehensively to Increase Green Benefits* was included into the 2013 Golden Bee Responsibility Competitiveness Casebook.





Ansteel Group won the "Golden Bee Enterprise" title at the "2013 Golden Bee Corporate Social Responsibility•China List".





Responsibility Communication

As Ansteel Group strove to create values, it fully catered to the demand of relevant stakeholders and constantly innovated its approaches to the cooperation, enhanced its communication with its stakeholders and responded to their concerns in time, thus achieving a harmonious development with the government, shareholders, staff, customers, suppliers, communities, non-government organizations (NGOs) and other stakeholders and making contributions to the economic and social development.

Communication Modes with Stakeholders

Name of Stakeholders	Communication Modes	Expectation for Ansteel Group	Requirements of Stakeholders	Major Indicators
 Government	Laws and regulations, policies, meetings, special report, statements, visits, consultation system between enterprises and local governments, and special liaison agency between enterprises and local governments.	To achieve a steady business growth, pay taxes in accordance with laws, increase employment opportunities, and promote the harmonious development between economy, society and environment for common prosperity.	To build a harmonious and resource-efficient society, abide by rules and laws and make contributions for the steady increase of fiscal revenues of local governments.	Total taxes, job opportunities created, public service programs, and reaching environmental indicators.
 Investors (represented by SASAC)	Laws and regulations, policies, attendance of meetings and the implementation of the resolutions, business performance assessment, regular reporting, communication for reporting, and reports and statements.	To enhance profitability and core competitiveness and to ensure the value maintenance and appreciation of state-owned assets.	Safe Production, risk control, and to boost capability for technical innovation and to achieve sustainable development, and value maintenance and the appreciation of assets.	Total profits, economic value added, total costs, turnover rate of current assets, state-owned capital maintenance and appreciation rate, turnover rate of total assets, overall labor productivity and technical input ratio.
 Other shareholders	Shareholders' meeting and its information disclosure and written notices to shareholders.	To boost corporate value and market capitalization of listed companies, rate of return on investment, and avoid risks.	To disclose important information publicly, to grant equal opportunities for participation, and to protect shareholders' interests.	Market capitalization of listed company, rate of return, and the rate of return on investment in joint projects.
 Employees	Employees' Congress, rationalization proposals, symposia, suggestion solicitation, communication and online communication.	A Stable operation and sustained development, sharing of the fruits in reform and development, and more welfare and growth opportunities.	To provide occupational training, career development opportunities, welfare, and a safe and clean working environment.	Staff satisfaction and loyalty, staff turnover rate, and the input into the training for employees.
 Customers	EVI system, daily contact with sales representatives, trade fair, customers' general meeting, regular visits, and opinion solicitation.	To provide high-quality products with reasonable prices and services, and to raise the capability for customized services.	To focus on customers' demands, offer high-quality customized services, and improve the quality of products and services.	Customer satisfaction.



Name of Stakeholders	Communication Modes	Expectation for Ansteel Group	Requirements of Stakeholders	Major Indicators
 Suppliers	Field survey, contract negotiation, regular visits, tendering conference, and opinion solicitation.	To provide long-term services, acquire stable and sustained benefit, and carry out sunshine procurement.	To guarantee reasonable prices, and stable policies and to achieve mutual benefits and a win-win result.	Project cooperation and contract execution rate.
 Associations and Societies	Joining associations and or societies, assuming positions and taking an active part in organizing activities.	To actively fulfill responsibilities in the associations and/or societies and to play an active role in various professional fields.	To take an active part in the activities for environmental protection, economic development and social progress.	Number of the social organizations joined, the annual fees paid and the total sum of money donated.
 Media and the Public	Press conference, media communication, information exchange, telephone, email, liaison through fax, and daily letters, calls, visits and website.	To uphold the concept of circular economy and green steel, and the path to sustainable development and to be an example in fulfilling social responsibility.	To release relevant corporate information in a prompt manner.	Number of pieces of the news released, and the collection of public opinions and corresponding feedback.
 Communities	Joint community development, joint project development and regular communication.	To conduct civilized production and to promote community harmony and to provide a clean and healthy living environment.	To make no pollution or damage to community environment, and to provide resources for harmonious community construction.	The amount of the input into community development, and the number of pollution complaints.

Communication with Stakeholders



On May 8, 2013, Huang Shuhe, Vice-Chairman of SASAC, came to Ansteel Group to convene Ansteel work report and work group research feedback meeting in Ansteel Group. He highly appreciated the achievements that Ansteel Group made in its reform and development and the efforts it made to break through the dilemma, pointed out the major targets for Ansteel Group in eliminating and reducing losses and matters requiring attention at present and in the days to come, and hoped that Ansteel Group could keep a high spirit and be resolute in winning the battle of eliminating and reducing losses so as to go out of the difficult situation as soon as possible to realize a comprehensive revitalization.



Hu Zucai, Vice-Chairman of the National Development and Reform Commission, made a field research in the production control center, beam and rail plants, vanadium companies and titanium companies of Pansteel.



Tan Zuojun, Vice-Governor of Liaoning Province, made a field research in Ansteel.



Zhang Guangning, Chairman and Secretary of the CPC Committee of Ansteel Group, leading a delegation, made a visit investigation to WISCO.

Conducting Communication on Work with WISCO

On June 25, 2013, Zhang Guangning, Chairman and Secretary of the CPC Committee of Ansteel Group, leading a delegation, made a visit investigation in Wuhan Iron and Steel (Group) Corp. (WISCO). Through the benchmarking communication on the whole system and site visit, the two parties had an in-depth discussion centering on such issues as corporate management structure, labor service recruitment management, remuneration distribution, non-steel industries development and performance appraisal. By drawing on

WISCO's experience in advanced management philosophies, reform and innovation, cost reduction and efficiency improvement, Ansteel Group broadened its horizons, expanded its train of thought and further increased its confidence in coping with market challenges, eliminating losses and increasing efficiency.



The leaders of Ansteel Group exchanged views with the leaders of Benxi Steel Group Corporation.

Conducting Communication of Work with Benxi Steel Group Corporation

On August 19, 2013, Zhang Guangning, Chairman and Secretary of the CPC Committee of Ansteel Group, and Zhang Xiaogang, President of Ansteel Group, leading a delegation, made a visit investigation to Benxi Steel Group Corporation. The two parties had an in-depth communication and discussion centering on such issues as human resource optimization and non-steel industries development. Ansteel Group hoped to realize common development through the exchange with Benxi Steel Group Corporation and learning from each other.

Participating in the Activities Organized by Associations /Societies

Major Associations/Societies Joined by Ansteel Group

No.	Name of Association/ Society	Ansteel Group's Status in Association /Society	Association/Society's Main Missions
01	World Steel Association	Member	To promote the communication and cooperation among international iron & steel enterprises;
02	Vanadium International Technical Committee	Member	To promote the scientific and technical progress of the international vanadium industry and the application of vanadium;
03	China Enterprise Confederation /China Enterprise Directors Association	Vice President Member	To promote institutional, technical, and managing innovation;
04	China Federation of Industrial Economies	Vice President Member	To promote China's modernization, institutional reforms in industrial management, and scientific and technical innovation;
05	China Iron & Steel Association	Vice President Member	To establish and improve industrial coordination and self-discipline mechanisms, and promote the coordinate and sustainable development of Chinese iron & steel enterprises, and to boost their competitiveness;
06	The Strategic Alliance of the Vanadium & Titanium Resources Comprehensive Utilization and Industrial Technology Innovation	President Member	To study the critical core technologies that restrict the industry development and provide powerful support for the improvement of vanadium and titanium resources comprehensive utilization in our country;
07	The Chinese Society for Metals	Vice President Member	To organize technical communication and cooperation in metallurgical technologies and production;
08	China Tendering & Bidding Association	Standing Council Member	To organize tendering and bidding, and the communication and cooperation in industry management;
09	China Occupational Safety and Health Association	Standing Council Member	To promote production safety and progress in occupational safety and health;
10	China Audit Society	Council Member	To organize audit research and exchange, and to promote the development of the audit industry;
11	The Chinese Tax Institute	Council Member	To study taxation theories, policies and institutions, and conduct academic exchanges in economics and taxation;
12	The Chinese Price Association	Council Member	To study price theories, policies and conduct academic exchanges and cooperation ;
13	China Association for Quality	Member	To conduct national quality advancement programs, and spread advanced concepts, methods and technologies of quality;
14	China Association of Plant Engineering	Council Member	To promote the modernization of equipment management, and conduct exchanges and cooperation on equipment;
15	China Institute of Internal Audit	Council Member	To promote self-discipline for internal audit to maintain the independence and authoritativeness of internal audit;
16	China Metallurgical Construction Association	Standing Council Member	To promote a sustainable and sound development of the metallurgical construction industry;
17	China Group Company Association	Vice President Member	To promote the establishment of modern corporate systems in large companies, conglomerates and the companies with advantages;
18	China Enamelware Industry Association	Member	To advance the application of new industrial technologies, equipment and materials, and make proposals for the adjustment of the product mix and scientific and technical orientations;
19	China Vanadium Association (CVA)	President Member	To promote the highly efficient utilization and scientific development of vanadium resources in China and to give play a role in promoting the progress of vanadium technology and expanding the application of vanadium;
20	China Association of Circular Economy	Vice President Member	To conduct the research and communication on comprehensive resource utilization and promote the continuous development of comprehensive resource utilization;
21	China Industry-University Research Institute Collaboration Association	Standing Council Member	To promote the transformation of scientific and technical achievements into real productivity, improve the capability of independent innovation and make contribution to the construction of China as an innovation-oriented country;

No.	Name of Association/ Society	Ansteel Group's Status in Association /Society	Association/Society's Main Missions
22	China Construction Supervision Association	Member	To study the theories, principles and policies of construction supervision and maintain the social image of the industry and the legitimate interests of its members;
23	China Association of Work Safety	Member	To promote the technical innovation in production safety, organize and implement production safety standardization, conduct public service activities on production safety and protect the legitimate interests of the workers in the field of production safety;
24	China Mining Association	Member of Presidium	To participate in the formulation of industrial regulations, code of practice and technical standards to promote the fair play among enterprises; promote and abide by Green Mine Convention to drive the development of green mines, and protect the interests of the mining industry;
25	China Chamber of International Commerce	Member	To conduct internationalized operation, promote the international trade exchange and cooperation and boost popularity and international competitiveness;
26	The Association of China Refractories Industry	Member	To study the development issues of the industry, release the information of refractories industry, participate in the formulation and revision of industrial standards and industrial development plans, and conduct international exchanges and cooperation on economy and technology;
27	Strategic Alliance for Technical Innovation of China Steel Slag Resources Comprehensive Utilization	President Member	To promote the technical innovation of China's steel slag resources comprehensive utilization industry

Zhang Xiaogang attended the Ninth China Steel Conference and delivered a report

On October 23, 2013, Zhang Xiaogang, President of Ansteel Group, attended the Ninth China Steel Conference and was specially invited to deliver a speech. He generally and systematically introduced the exploration and practical experience of Bayuquan New Iron and Steel Base of Ansteel in highly efficient logistics, green products, resource circulation, energy utilization and environmental protection to build a model green plant by exploiting its advantageous coastal location. Ansteel unshakenly adheres to the path of new-type industrialization and is dedicated to building itself into an ecological steel plant. The iron and steel project of Ansteel in Bayuquan is China's first modernized and coastal iron and steel project, which has established a relatively complete development model for green and ecological steel plant.

The Annual Meeting of National Youth Workers in Steel Industry was held in Ansteel

On October 25, 2013, the Second Plenum of the First Supervisory Commission of Youth League Committees of Steel Industry and the 24th Annual Meeting of National Youth Workers in Steel Industry were held in Ansteel. Attended by 120 delegates from 58 steel enterprises around the country, the meeting honored the model entities and individuals in the 2012 "Qing An Cup" National Metallurgical System Competition and awarded the certificates to the "Most Beautiful Youth Workers" in the national steel industry.



The 24th Annual Meeting of National Youth Workers in Steel Industry was held in Ansteel.

CHAPTER 03

Building Ansteel as a Leading Enterprise

Strategic Planning

Business Performance

Joint Venture Partnership

Internationalized Operation

Key Projects



Indicator System of the Social Responsibility and Sustainable Development of Ansteel Group Corporation

Strategic Planning

Development Prospects
Strategic Goals
Development Train of Thoughts
The Implementation Situation of Strategic Planning

Business Performance

Main Business Indicators
Outputs of Iron, Steel and Finished Steel
Quantity of Sales of Finished Steel
Outputs of Vanadium Products and Titanium Products
Sales Revenue
Total Profit
Total Assets
The Owners' Equity
Asset-liability Ratio

Tax and Financing
Acting in Response to National Tax Policies
Total Tax Payment
Negative Information Related to Tax Evasion
Financing Situation

Capital Operation

Acquisition, Sale, Absorption and Merger of Assets
Joint Venture and Cooperation

Internationalized Operation

International Business Branches
Localized Employment
Social Contribution

Strategic Planning

Development Strategy of Ansteel Group

To strengthen quality steel industry

Based on the principles of high quality, uniqueness and low cost, through technical innovation, technical transformation and business model innovation, Ansteel will strive to make good use of both its existing and additional resources, adjust its product mix, increase the scale of high-quality products, implement circular economy and improve its energy conservation and emission reduction measures to produce a series of highly competitive and high added-value products and make its major business of iron and steel production powerful and efficient.

To sharpen resource edge

By tapping its advantage in mineral resources, Ansteel will develop itself into a world-class iron core enterprise, improve its mine production capacity and the capacity for comprehensive resource utilization, increase its control over strategic resources to provide high-quality and low-cost crude materials for industrial development, and transform from a resource-safeguarding enterprise to a resource-operating enterprise.

To build up extraordinary powerful vanadium and titanium industry

Ansteel will accelerate its technical progress and technological research and development, develop the most competitive products in costs on strength of its advantages in resources, expand its business in the area of high-end market application, break through the bottlenecks in technology and products, improve the overall competitiveness of its industrial chain, build a leading edge with characteristics and raise its contribution to the industry.

To enlarge non-steel industries

Ansteel will accelerate its system and mechanism innovation and the transformation of its development mode, reinforce and enlarge its non-steel and diversified industries and vigorously develop emerging business, create a business plate with independent development capacity and brand influence and establish it as a major supporting force for its upgrading and development and an important approach to increasing its labor productivity.

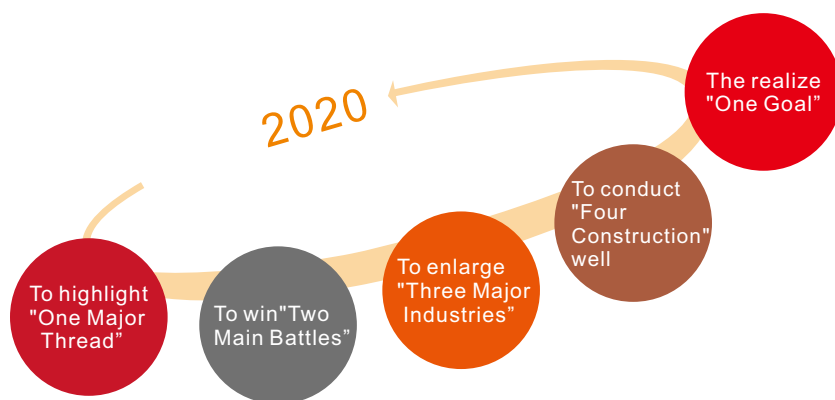
To focus on technical innovation

Ansteel will increase R&D input, cultivate talents in innovation, optimize its R&D platforms, increase the incentives for innovation, improve its R&D efficiency, put its intellectual property rights strategy into practice, continue to develop new iron, steel, vanadium and titanium technologies and products, formulate new standards, accelerate the informationization construction, further the IT application and improve its modernized management to support its sustainable development.

To expand transnational operation

By exploiting its brand advantage, Ansteel will strive to conduct researches on the international market and cultivate talents in international operation, reinforce the construction of its international development system, steadily expand its overseas layout, improve its capacity for transnational operation and increase its share in overseas market and resources.

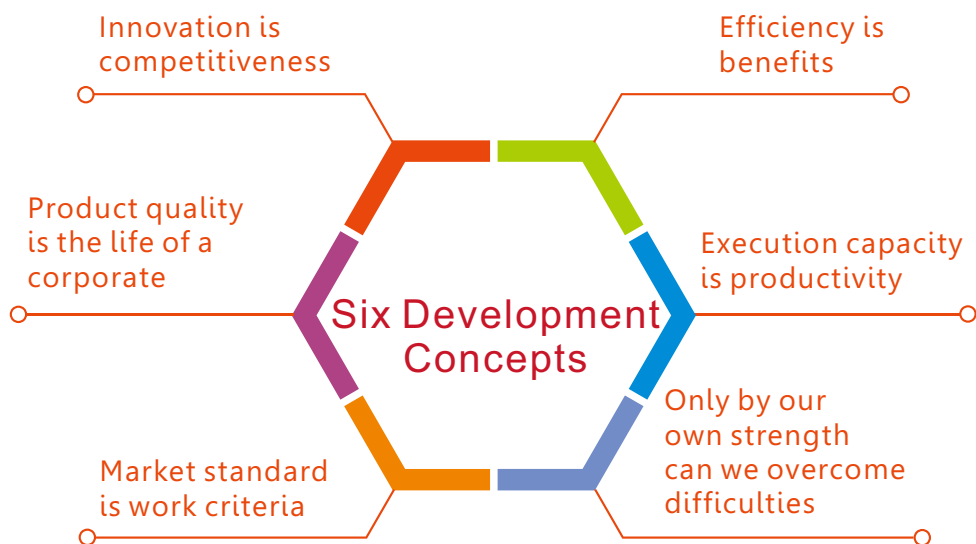
Ansteel Group set up the 12341 Overall Train of Thought for Development



To highlight
"One Major
Thread"

>

To put the six development concepts into practice, accelerate its transformation and upgrading and develop an upgraded economy of Ansteel Group

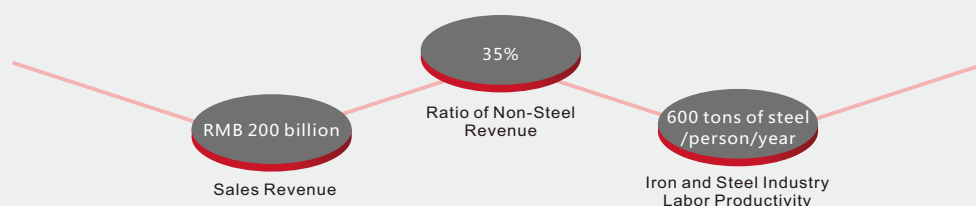


To win "Two Main Battles"

- > One is to win the battle of eliminating losses and increasing efficiency and the other is to win the battle of transformation and upgrading.

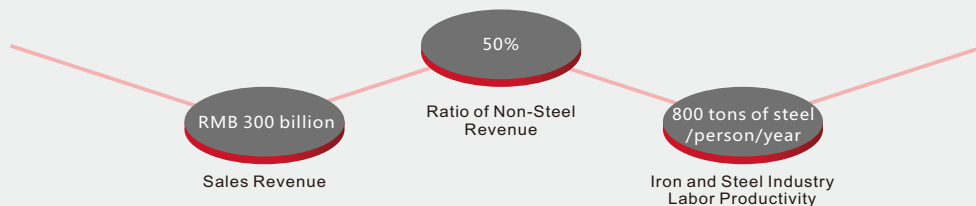
The main symbols for winning the Battle of eliminating losses and increasing efficiency

In 2015, the whole Group will eliminate losses and achieve profitability, the major business of iron and steel will rank among the top in steel industry, related diversified business will develop in a coordinate manner, the capacity for value creation and technical innovation will be improved remarkably and economic value added (EVA) will be improved significantly. The indicators for energy conservation and environmental protection techniques will reach the leading level domestically.



Major symbols for winning the battle of transformation and upgrading

In 2020, Ansteel Group will complete the building of an upgraded economy, double its economic scale in 2012 and build itself into a green manufacturer and excellent service supplier with high competitiveness, a great capacity for technical innovation, advanced products and profitability in the industry, an advanced management model and comprehensively elevated corporate quality, being an outstanding Fortune 500 enterprise. The technical indicators for energy-conservation and environmental protection techniques will rank among the top domestically and be at the leading level internationally.



To enlarge "Three Major Industries"

- > To make iron and steel industry excellent, enlarge the resource, vanadium and titanium industries and make non-steel industries powerful.

To do "Four Constructions" well

- > To build Ansteel into a leading enterprise with innovation capacity, integrity and welfare.

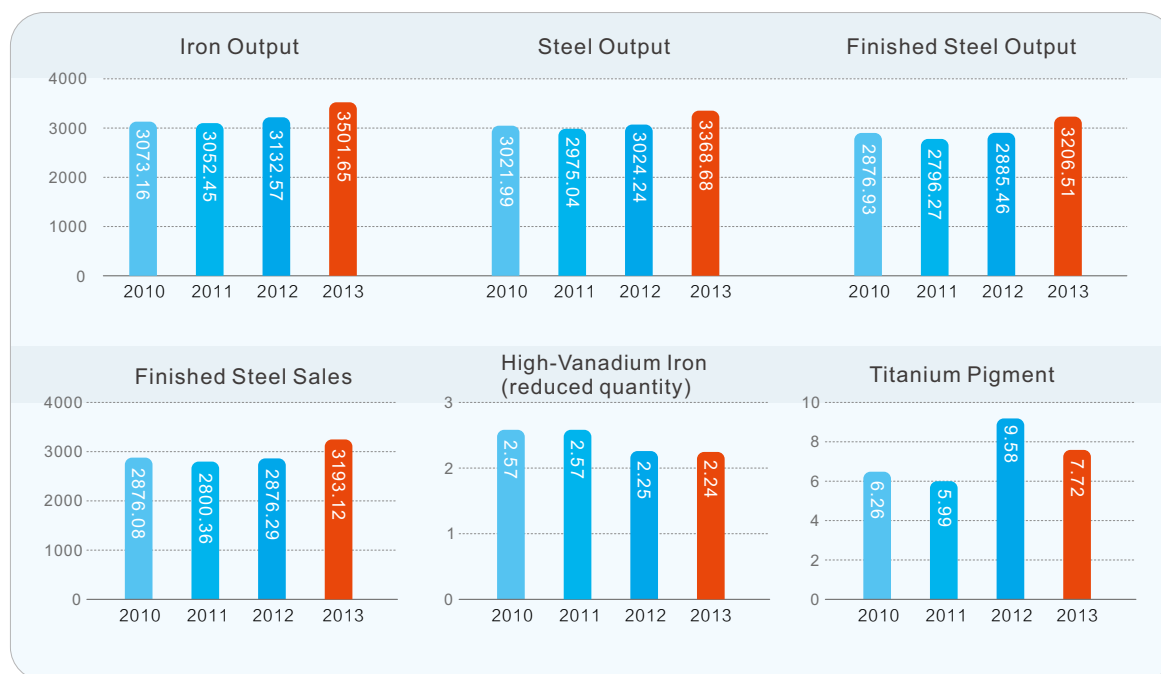
To realize "One Goal"

- > To build Ansteel Group into a transnational iron and steel group with the most international competitiveness and a leading enterprise in China's iron & steel industry

Business Performance

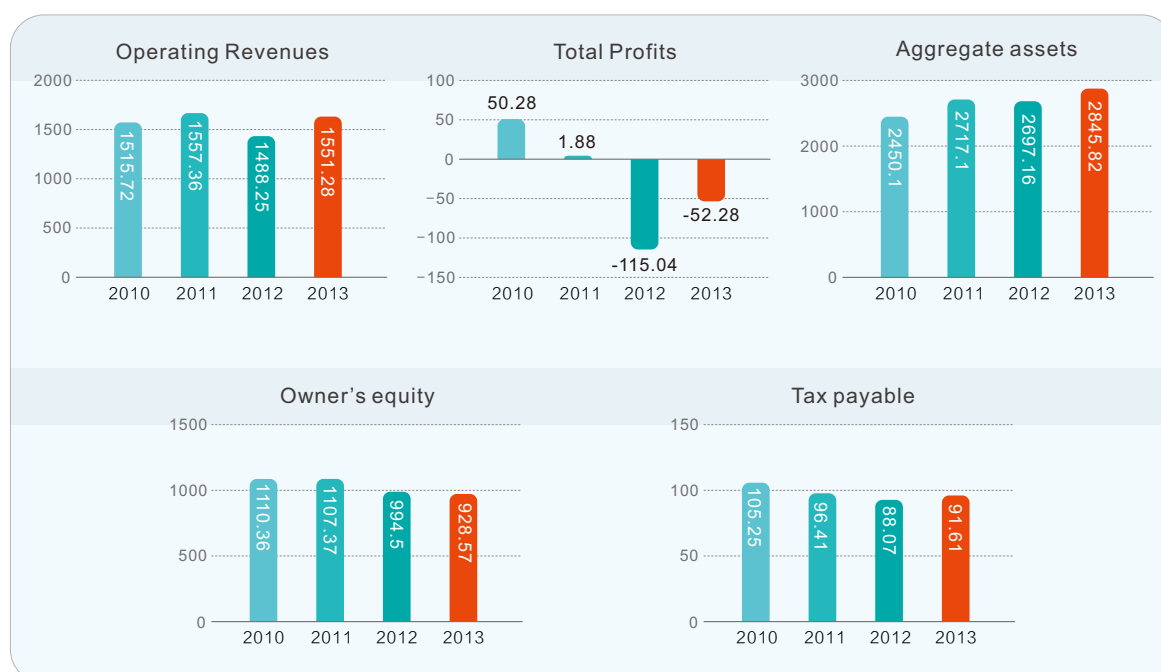
Production and Sales of Ansteel Group

Unit : 10,000 tons



Major Financial Indicators of Ansteel Group

Unit : RMB 100 million



Joint Venture Partnership

Carrying on Strategic Cooperation with Stakeholders

Based on the principles of equality, reciprocity, complementary advantages, mutual benefits and common development, Ansteel Group carried on strategic cooperation with stakeholders. In 2013, Ansteel Group concluded strategic cooperation agreements with China Telecom, Dongfeng Motor, SANY Group, China State Construction Engineering and Bank of China.



Ansteel Group concluded strategic cooperation agreement with SANY Group.



Ansteel Group established comprehensive strategic partnership with Dongfeng Motor.



Ansteel Group concluded strategic cooperation agreement with Bank of China.



Ansteel Group concluded strategic cooperation agreement with China Telecom.

Ansteel Group Bought a Share of Guangzhou Nansha Iron and Steel Integrated Logistics Park

On March 22, 2013, Ansteel Group bought a share of Guangzhou Nansha Iron and Steel Integrated Logistics Park Co., Ltd. By becoming a shareholder of the company, on the one hand, Ansteel Group can better satisfy the demands of customers and improve the competitiveness of its products in the market by optimizing logistics and transport; on the other hand, it can also expand its business scope and cultivate new benefit growth points.



Leaders of Ansteel Group attended the commissioning ceremony of Guangzhou Nansha Iron and Steel Integrated Logistics Park.

Incorporating Angang Mining Blasting Co., Ltd. through Joint Investment

To effectively lower the cost of mine production, introduce advanced blasting technology and improve the overall benefits of mine production, Ansteel Group Mining Company and Guangdong Hongda Blasting Co., Ltd. incorporated Ansteel Group Mining Blasting Co., Ltd. through joint investment, which adopts the proprietary technologies of the partners, thus realizing the upgrade of the blasting technique, improving the blasting quality and increasing the efficiency of post-procedures, such as blasting, shoveling and loading and transport.

Investing in Guangzhou Panyu High-strength Hot-Dip Galvanizing Project

On December 28, 2013, Angang Steel Co., Ltd. and the government of Panyu District, Guangzhou, signed an investment agreement for the construction of a High-strength Hot-Dip Galvanizing Project in the district. The project is an important part of a series of cooperation projects signed by Ansteel Group and Guangzhou Municipality, which is necessary for Ansteel Group to adapt to the market development, and also a strategic demand for Ansteel Group to adjust and optimize the layout of its galvanizing industry. It is of great significance to expanding the South China market and promoting its brand influence power.



Angang Steel Co., Ltd. and the government of Panyu District, Guangzhou, signed an investment agreement.

Incorporating Kobelco Angang Auto Steel Co., Ltd. through Joint Investment

On October 17, 2013, Ansteel Group and Kobe Steel, Ltd. (Kobelco) established a joint venture, Kobelco Angang Auto Steel Co., Ltd., which will better satisfy the increasing demands of automotive customers for high-strength steel plates and increase its share in the markets of cold rolled automotive sheets, especially the share in the market of high-end automotive sheets.



Ansteel Group and Kobe Steel, Ltd. established a joint venture, Kobelco Angang Auto Steel Co., Ltd.

Investing in the Chongqing High-strength Galvanized Automotive Sheets Project

On August 6, 2013, the construction of Chongqing High-strength Galvanized Automotive Sheets Project of Ansteel Group was commenced. By introducing internationally advanced equipment and technology, the project positions its products as high-end auto sheets with top quality and specifications in the world. It is an important measure of Ansteel Group in optimizing its product mix and promoting its transformation and upgrading and is of great significance to further improving the localized supply chain of the automotive industry of Chongqing and promoting Chongqing's economic and social development.



The contract signing ceremony of Chongqing High Strength Galvanized Automotive Sheets Project of Ansteel Group.

Internationalized Operation

Integration of International Business

Ansteel Group made great effort to implement internationalized development strategy, and intensified the optimization and integration of the international business in Anshan and Panzhihua, establishing the International Business Department of Ansteel Group responsible for the unified planning and supervision of its overseas business and establishing the Ansteel Group Hong Kong Co., Ltd. to conduct an overall planning and management of the international business in Anshan and Panzhihua and guarantee an efficient and coordinated operation of such overseas businesses as the marketing of steel, vanadium and titanium products, export of steel scraps, bulk procurement of raw materials and fuels, integrated trading, the investment and operation of overseas industries and overseas trade financing.

Distribution of International Business

Ansteel Group has 21 overseas operating companies engaged in steel products trade, mining resources and investment, which are operated and supervised respectively by Angang Group International Trade Corporation, Pansteel International Trade Corporation. and Pansteel Vanadium and Titanium Co., Ltd.

Fulfillment of Social Responsibility Overseas

In the process of internationalized operation, Ansteel Group actively abides by the local policies and regulations, operates its business according to law, regulates overseas employment systems and encourages its overseas branches to employ local workers, who account for 91.6 % of their employees. On the basis of the policies and employment regulations of the local governments, Ansteel Group protects the legitimate rights and interests of its workers, and promotes the employment and economic development of the local society, thus building up a good brand image in local governments and people and creating harmonious community relations.

Key Projects

Karara Iron Core Project of Australia Was Completed and Put into Operation

On April 9, 2013, Karara Iron Core Project developed jointly by Ansteel Group and Gindalbie Metals Ltd. was completed and put into operation. As an important achievement of Ansteel Group in its implementation of internationalized resource strategy, the project is of great significance to the improvement of its control over resources and its development towards a transnational iron and steel group with the most international competitiveness. Karara Iron Core Project includes mines, concentrating mills, water and power supply networks, railway, ports, domestic installations, etc.



Leaders of Ansteel Group attended the commissioning ceremony of Karara Iron Core Project of Australia.

Wuhan Steel Processing Center Program of Ansteel

The Wuhan Steel Processing Center Program of Ansteel is located in Wuhan Economic & Technological Development Zone, Hubei, and covers an area of 42,600 square meters. The major project of the program is the construction of a band steel production line and its auxiliary facilities. The program was put into operation in April 2013 and praised as the most beautiful factory building in Wuhan Economic & Technological Development Zone in 2013, promoting the sales of the automotive steel sheets of Ansteel Group in Central China.

Cold-Rolled Steel Sheets Project of Ansteel in Putian

To promote the implementation of its strategies, Ansteel Group built a cold-rolled production line with an annual output of 1 million tons in Putian, Fujian. The construction of the project was commenced in March 2010 and its output reached the designed capacity in December 2013. With a project qualification rate of 100% and an excellence rate of 90%, it was awarded with the Quality Project Award by China Association of Construction Enterprise Management. With cold-rolled steel sheets and hot-dip galvanized zinc steel plates for household appliances as its main products, the project is of great significance to improving Ansteel's economic benefits, promoting the regional economic development of Fujian and enhancing Ansteel's radiating power in the southeastern coastal region.



The Continuous Annealing Unit of Ansteel Cold-Rolled Steel Sheets (Putian) Co., Ltd.

Pansteel's Cold-Rolled Project in Xichang

Pansteel's Cold-Rolled Project in Xichang has an annual output of 2.1 million tons of cold-rolled sheets, whose main products include high-quality automotive steel, steel for household appliances and high-strength steel plates. In 2013, its civil engineering and the steel structure for the building were completed and the main equipments of its acid rolling unit were installed. In addition, the structure framing of the furnace zone and the furnace installation of No.1 continuous annealing unit were installed. The launch of the project further improves the capacity of Pansteel in deep processing of steel products, which is conducive to optimizing its product mix and boosting its market competitiveness.



The mill stands of Pansteel's Cold-Rolled Project were successfully installed.

Titanium Processing of Baima Iron Core of Pansteel

Titanium Processing of Baima Iron Core of Pansteel has an annual capacity for processing 10.44 million tons of iron tailings and an annual output of 172,500 tons of titanium ore concentrate, 288,200 tons of iron ore concentrate and 11,500 tons of cobalt pyrite concentrate. The construction items mainly include major production facilities, such as magnetic separation, gravity separation, flotation and filtration, and public auxiliary facilities, such as tailings, water supply, drainage and power supply and distribution. In 2013, the iron ore concentrate technical process was on pre-production trial; and such fundamental civil work as main building and equipment of the titanium ore concentrate technical process were under construction and some of its equipment was ordered. After completed, the project will expand the scale of vanadium and titanium industry and improve the capacity of Pansteel for the comprehensive utilization of resources.

CHAPTER 04

Construction of an "Innovative Ansteel"

Management Innovation

Technical Innovation

Informatization



Indicator System of the Social Responsibility and Sustainable Development of Ansteel Group Corporation

Management Innovation

Technical Innovation

Informatization Construction

Management Institutions

Corporate Governance Structure
Corporate Management and Control System
Establishment of Rules and Regulations System
Optimization of Management Process
Supervision and Assessment Mechanism
Corporate Reform Matters
Management Innovation Achievements

Overall Risk Control

Overall-risk-management Organizational System
Overall Risk Management Framework
Internal Control System

Construction of Technical Innovation System and Management System
Investment in Technological R&D
Number and Proportion of Technological Research Personnel
Patents Handled by the State
Patents Authorized by the State
Proprietary Technologies Certified by the State
New Product R&D and Its Sales Amount
Major Innovation Awards

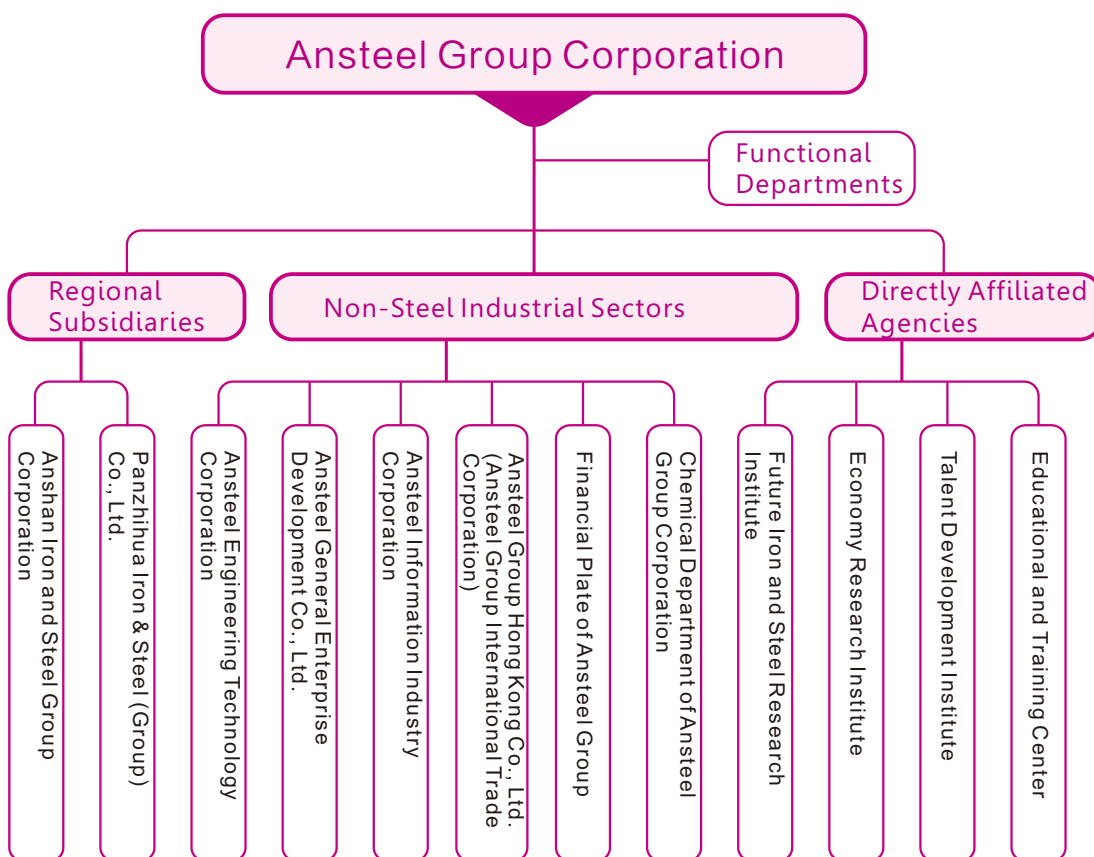
Rules for Informatization Construction
Measures for Informatization Construction and Their Achievements

Management Innovation

Management and Control Model

To adapt itself to the demands for cross-regional, multi-base and internationalized operation and strategic development, Ansteel Group has adopted a strategic management and control mode featuring moderate centralization of power, reasonable decentralization of power and systematic monitoring. Ansteel Group centralizes the decision-making for major matters, conducts a unified allocation of key resources and a unified coordination of strategic business, gives enough authorization for operation and management and systematically monitors key processes and major risks.

On February 18, 2013, Ansteel Group comprehensively initiated its organizational reform. After restructuring, the group has two major regional subsidiaries, namely, Anshan Iron and Steel Group Corporation and Panzhihua Iron & Steel (Group) Co., Ltd. In addition, it has integrated and established six non-steel industrial sectors including engineering, general enterprises, information industry, international trade, financial services and chemical business, thus forming the group control structure of "regional companies+non-steel industrial sectors" under the unified leadership of Ansteel Group.



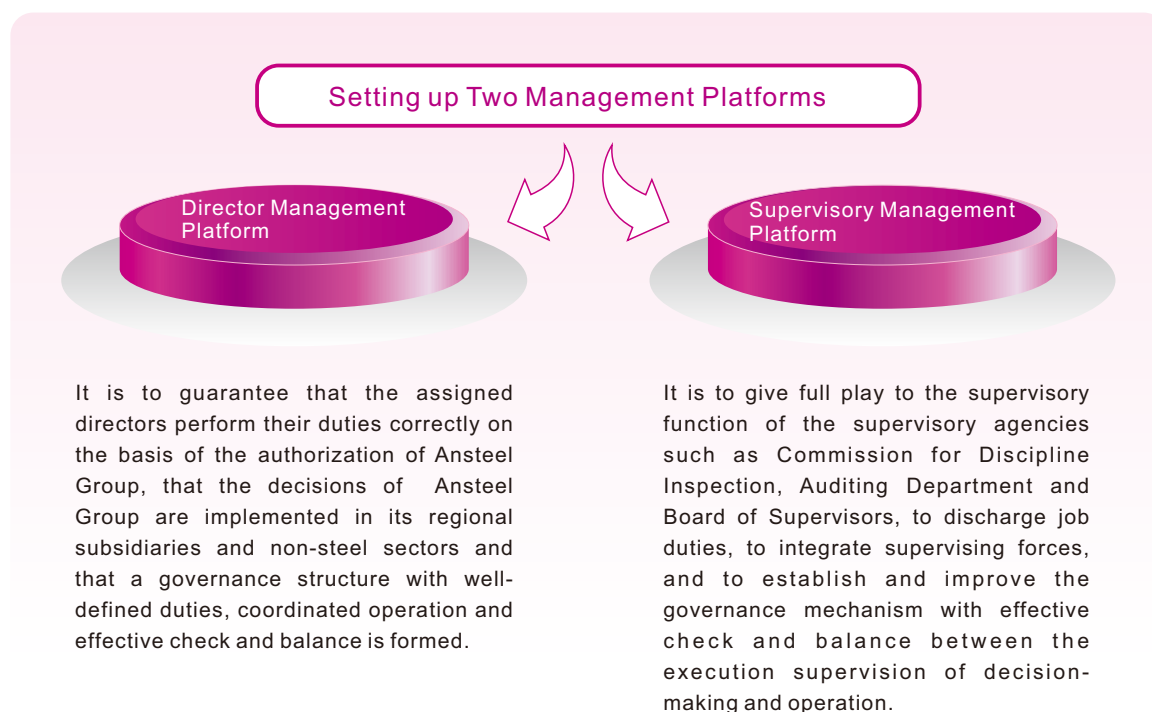
Construction of Boards of Directors

The board of directors of Ansteel Group is comprised of 9 directors, among whom there are five outside directors and one employee director. Under the board of directors are Strategy and Risk Management Committee, Nomination Committee, Remuneration and Assessment Committee and Auditing Committee, all of which answer to the board of directors and offer consultations and suggestions to the board on major decisions.

The Number of the Conferences Convened and That of the Proposals Reviewed by the Board of Directors and Its Special committees

Board of Directors		Specialized Committees		
Number of Conferences Convened	Number of Proposals Reviewed	Name of the Committee	Number of Conferences Convened	Number of Proposals Reviewed
5	22	Strategy and Risk Management Committee	2	8
		Remuneration and Appraisal Committee	1	1
		Auditing Committee	1	5

Establishment of a Stratified Corporate Governance Structure



Specifying the Functional Localization of the Boards of Directors at All Levels

Board of Directors of Ansteel Group

Being the core of the construction of the boards of directors, it focuses on strategy, direction, procedure and risk control to propel the reform and development of the group.

Boards of Directors of the Subsidiaries

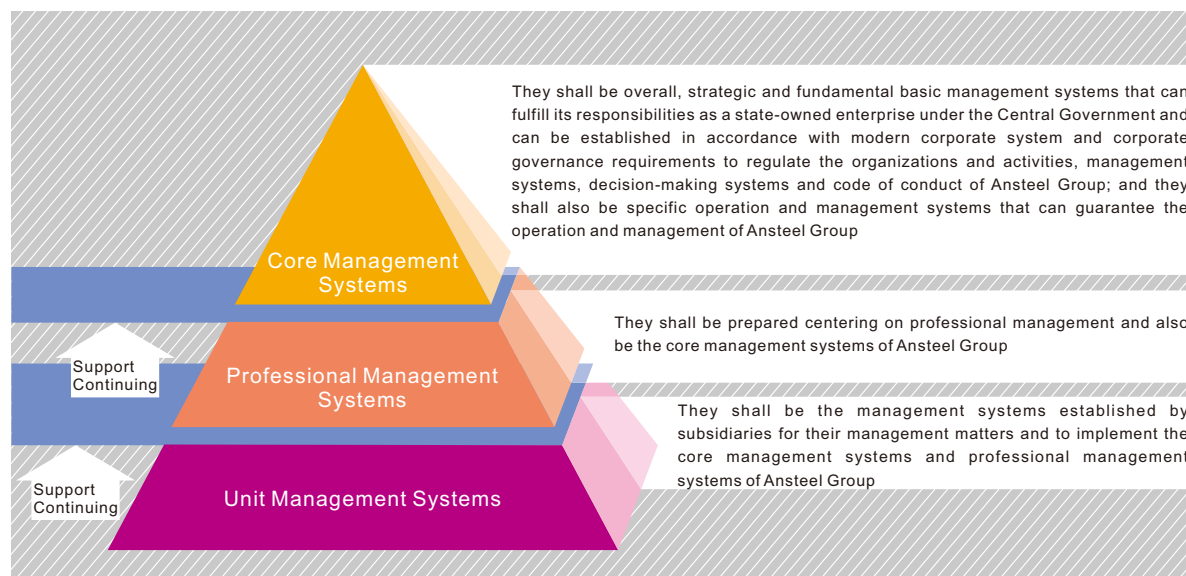
Being the vertical extension of the functions of the board of directors of Ansteel Group, they focus on the strategy decomposition and implementation and promoting the professionalized management, intensive management and structural adjustment to boost the core competitiveness of the enterprises.

Boards of Directors of the Third-Tier Enterprises

Being the basic support for the functions of the boards of directors of the subsidiaries, they focus on the implementation of key projects and annual budgets to promote the transformation and upgrading of the enterprises they belong to.

Construction of the Systems of Regulations and Institutions

Ansteel Group has management systems of regulations and institutions with well-defined responsibilities and rights, the restriction of institutions, stratified decision-making process and effective check and balance, implements standardized, institutionalized and scientific management and establishes top-down, distinct-gradation, scientific and reasonable, effectively-coordinated and efficient systems of regulations and institutions with core management systems as its focus, professional management systems as its basis and unit management systems as its support.



Construction of Process Systems

The construction of process systems is a key element of corporate management, an important fundamental work for the improvement of management capacity, an important approach to raising the corporate operational efficiency and preventing operational risks and the important aspect of the promotion of fundamental corporate management construction. The core business processes of Ansteel Group include three levels: strategic management process, operation management process and management supporting process.



Construction of Internal Control Risk Systems

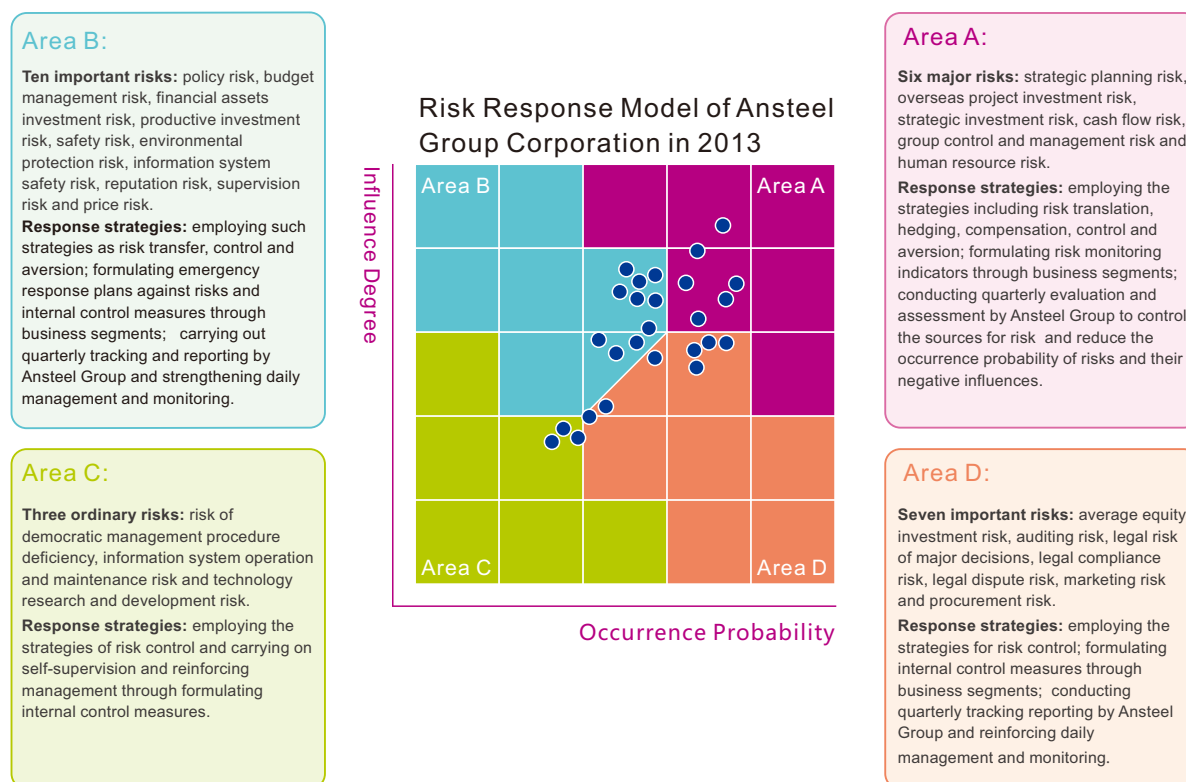
Ansteel Group has established a complete risk management governing body with the board of directors as its core, improved the risk-oriented internal control system, established the "Three Lines of Defense" for risk management in light with the principle that "the person in charge of the business shall be held responsible for the risks", and integrated risk management into each department and process of corporate management.

> Three Lines of Defense for Risk Management



> Major Risk Management Strategies

In 2013, aimed at the 26 major and important risks assessed, Ansteel Group formulated 68 risk prevention measures, set 42 risk-monitoring indicators, confirmed 56 internal control systems and 67 key control points in system processes, and compiled *Internal Control Manual of Ansteel Group Corporation*. In accordance with risk assessment standards, Ansteel Group conducts risk assessment from the two dimensions of the occurrence probability of risks and their influence, classifies risk events into different levels and adopts differentiated risk response and management strategies, and establishes the risk response model of Ansteel Group.



Performance Assessment and Supervision System Construction

Ansteel Group adheres to taking economic benefits assessment as its focus, emphasizes on the promotion of value creation capacity, guides its subsidiaries to improve their development quality, adjust and optimize their structures, reinforce scientific innovation and boost their internationalized operation level, and gives full play to the functions of performance assessment for guidance, incentive and restriction to promote the realization of its production and operation goals.

With profit as the main indicator, the performance assessment for enterprises embodies the common requirements of benefits orientation and value management. In accordance with the industrial characteristics of each subsidiary, Ansteel Group has developed an appropriate policy and set individualized assessment indicators for each subsidiary. It has introduced term assessment mechanisms for subsidiary heads to guide the subsidiaries to complete their annual production and operation targets and their mid- and long-term development strategies.

Ansteel Group conducts a comprehensive evaluation and assessment for the departments of headquarters on three dimensions, namely, financial indicator evaluation and assessment, strategic performance indicator evaluation and assessment and comprehensive assessment. It highlights the evaluation and assessment of strategy formulation, investment decision-making, value creation, mechanism establishment, culture cultivation, enhancement of risk prevention capacity and the improvement of vulnerable spots, and conducts a comprehensive assessment from such aspects as creativity, workload, job difficulty, work efficiency, execution power, duty performance, management service and coordination to promote the standardized and efficient operation of each business.

Integrating Internal Resources of Ansteel Group and Optimizing and Increasing Resource Allocation Efficiency

The integration of international business. Ansteel Group comprehensively implements its internationalized development strategy, enhances its internationalized operation capacity and risk prevention capacity, creates an internationalized operation management and control platform, establishes the Ansteel Group Hong Kong Co., Ltd., integrates the international business in Anshan and Panzhihua and its overseas branches and builds up an integrated international business management platform to provide support for its internationalized development strategy. It has established a market-oriented industrial operation platform that combines international trade and overseas investment and financing to strengthen its globalized trade.

Value chain integration. To optimize the allocation of its engineering and technical resources, Ansteel Group has built up an platform for the effective coordination and operation of the resources in engineering and technical sector to enhance its technical innovation and industrial development capacity, established a standardized and efficient governance structure and management operation mechanism, integrated its engineering company, heavy machinery company, construction company, mine construction company and railway equipment manufacturing company and incorporated Ansteel Engineering Technology Corporation to build a leading enterprise in the engineering industry with a whole industrial chain integrating design, construction, metallurgical equipment R&D and manufacturing and engineering, procurement and construction (EPC).

Diversified industries integration. To expand the comprehensive development and utilization of renewable resources of steel production, propel the development of non-steel business sectors and emerging industries with a relatively high capacity for benefits creation and long-term development prospects and provide powerful support for the development of its iron and steel business, Ansteel Group has integrated its industrial company, real estate company, slag company, Ansteel Group Hospital and Jidong Cement Co., Ltd. into Ansteel General Enterprise Development Co., Ltd., creating a diversified industrial group with solid metallurgical waste resource development, real estate and urban service sector as its core business.

Financial service industry integration. To provide powerful support for the development of its iron and steel business and non-steel industries, innovate its business model, integrate industry and finance and expand its territory of profit growth, Ansteel Group has built up a unified operation platform for the financial business and established Ansteel Group Capital Holdings Co., Ltd. responsible for coordinating the operation of its internal and external financial business.

Deepening the Transformation of Management Achievements

Aiming at the significant problems it encounters in the corporate reform and management, Ansteel Group organizes topic-centered or regional achievement exchange seminars on a regular basis and draws on the advanced management experience and approaches to further improve its capacity for independent innovation and sustainable development; and it also organizes the publicity and promotion campaigns for the new achievements in corporate management and innovation to give full play to the demonstration function of the achievements. In 2013, *Technical Innovation and Management of Large Iron Core Enterprises Based on "the Integration of Five Grades"* of Ansteel Group was awarded with the first prize of the 20th Innovation Achievements of the National Enterprise Management Modernization and *Cost Reduction and Efficiency Increase Management of Iron Making Enterprises in the Face of a Rigorous Market* was awarded with the second prize of the 20th Innovation Achievements of National Enterprise Management Modernization.



Ansteel Group was awarded with the first prize of the 20th Innovation Achievements of National Enterprise Management Modernization.

Technical Innovation

Construction of Technical Innovation System

To optimize and integrate its scientific and technological R&D resources, Ansteel Group has established Ansteel Iron and Steel Research Institute, Vanadium and Titanium (Iron and Steel) Research Institute and Mining Design Research Institute, and built up a technological resource sharing platform to bring group synergy into full play and guide industrial development with science and technology.

Ansteel Group has established the Ansteel Technical Innovation Leading Group and Technical Experts Committee and built up a technical expert database, realizing the sharing of technological resource inside Ansteel Group and ensuring the consultation, assessment and examination of various types of professional technologies are scientific and efficient.

Optimizing Incentive and Restraint Institutions. Ansteel Group has issued ten science and technology management institutions, including *Management Measures for Technical Innovation Benefits Assessment and Reward*, *Management Measures for Technical Experts Database* and *Management Measures for Major Scientific and Technological Awards*, and five incentive policies for talents, including *Guiding Opinions on R&D Position Grading* and *Guiding Opinions on Engineering Technology Position Grading*, to mobilize the initiative of its technological R&D staff through the innovation in distribution, incentive and employment institutions,

Promoting the Development of Scientific Research Methods. Ansteel Group has completed the construction of National Key Lab for the Comprehensive Utilization of Vanadium and Titanium Resources, constructed Joint Railroad Switch Lab with switch processing enterprises, transformed the Lab for Titanium Pigment Application Research Center to improve its scientific research conditions, constructed such labs as acidoresistance, thermal state and automotive research institute, and established the Steel Pipe Research Institute, which has improved the market competitiveness of the seamless steel pipe products.

Improving EVI Management System. Ansteel Group has established early vendor involvement (EVI) teams for the R&D of eleven new products, including nuclear power steel, weather-resistant railway steel and cold heading steel. The EVI team for nuclear power steel has signed eleven technical agreements for new products supply with Shandong Nuclear Power Company Co., Ltd., Dongfang Heavy Machinery Co., Ltd. and other customers. The EVI team for weather-resistant railway steel has successfully developed a new-type corrosion-resistant steel.

Technology Exchange and Cooperation

Ansteel Group has initiated strategic cooperation and concluded the strategic cooperation agreements with Chinese Academy of Sciences in the comprehensive utilization of vanadium & titanium resources in Panxi Area, energy conservation and emission reduction, and high-performance metal alloy materials; led the establishment of the Strategic Alliance for the Industrial Innovation in the Comprehensive Utilization of Vanadium and Titanium Resources Industry with Chinese Academy of Sciences, which has been officially listed as a national pilot alliance; led the establishment of the Strategic Alliance for Corrosion-Resistant Steel Industry Technical Innovation; held the Fourth Technical Exchange Symposium between Ansteel and China Steel Corporation; conducted the second round of technical exchange activities with JFE Steel Corporation of Japan; conducted technical exchanges with eight enterprises, including China North Material Science and Engineering Technology Group Corporation of China North Industries Group Corporation and Zhongguancun Science Park; and further deepened its cooperation with the technical innovation alliance of production & teaching & research with 12 research institutes.

● The Fourth Technical Exchange Symposium between Ansteel and China Steel Corporation Was Held ●

On August 14, 2013, the Fourth Technical Exchange Symposium between Ansteel and China Steel Corporation was held in Ansteel Group. The responsible persons and experts from the both parties conducted an all-around communication and discussion on the steel and metallurgy processes and technologies, including steel-making, cold rolling, coal chemical industry and ERP management. Since Ansteel Group and China Steel Corporation of Taiwan concluded the technical exchange and cooperation agreement in November 2009, they have held four technical exchange symposiums for four consecutive years and furthered their exchanges and discussions on iron-making, steel making, cold rolling, heavy plates, energy, informatization, etc. for achieving a common development.

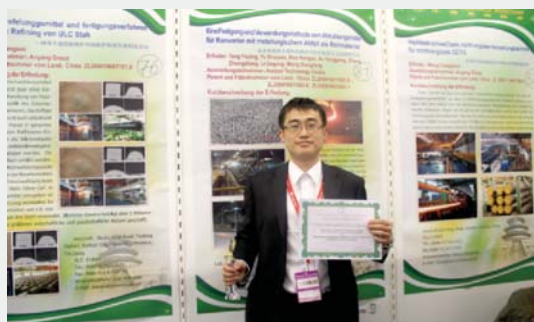
Technical Innovation Results

Ansteel Group has taken an active part in many major national R&D programs, including the 863 Program, 973 Program, National Key Technology R&D Program, National Key New Products Program and Transformation and Upgrading of National Key Industries. The national programs under research of Ansteel Group keep rising.

Ansteel Group has made historical breakthroughs in the research of efficient and comprehensive utilization technology of step-by-step flotation of middling products, thoroughly resolving the technical difficulty in ore-dressing of hematite containing carbonate which had existed in the metallurgical and mining industry of China for years, broadening the prospect of the efficient development and utilization of up to 5 billion tons of hematite containing carbonate in China and thus being of great significance to the construction of resource-saving and environmentally-friendly mining enterprises and ensuring the strategic security of China's iron and steel industry; successfully developed the technology of combining regenerative and recuperative reheating furnace with independent proprietary intellectual property, being the first within the country; developed automated steel-making control system for 260-ton converter, which has ushered in a new era of automated steel-making of the large converter of Ansteel, reaching the world-leading level; and developed the technology of titanium slag smelting with large electric furnaces with independent proprietary intellectual property, which fills the gap in the application of self-baking electrode in large titanium slag electric furnaces.

Intellectual Property Rights Management

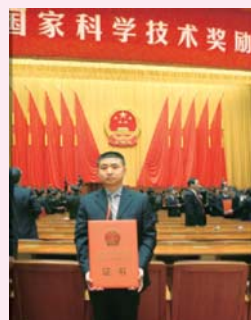
In 2013, Ansteel Group received one State Scientific and Technological Progress Award and eight Metallurgical Science and Technology Awards. At the iENA Nürnberg International Exhibition of Inventions, Ansteel Group won the green environment protection award with "Manufacturing and Application Method of Converter Coolant with Metallurgical Waste as Its Raw Material", as well as 2 gold prizes and 4 silver prizes awarded by World Invention Association. The numbers of its patent applications handled and granted by the State Intellectual Property Office hit a record high. Its two invention patents, i.e. "The Quantitative Test and Analysis Method for the Texture of a Cubic-System Material" and "The Clean Production Method for a Kind of Vanadium Oxide", won the 15th China Outstanding Patent Award.



At the iENA Nürnberg International Exhibition of Inventions, Ansteel Group won the green environment protection award and 2 gold prizes awarded by World Invention Association.

● Li Chao, an Employee of Ansteel Group, Won the State Scientific and Technological Progress Award ●

On the 2013 awarding conference for National Science and Technology, the project of "the R&D and Application of Divisional and Automatic Purging Devices for Cold-Rolling Machine Latex" led by Li Chao, an employee of Angang Steel Co., Ltd., won the Second Prize of State Scientific and Technological Progress Award. Li Chao thus became the first industrial worker from the first production line of Ansteel Group and in Liaoning Province who won the State Scientific and Technological Progress Award and the only industrial worker winner at the conference.



R&D of New Products

Ansteel Group is dedicated to the research, development and production of efficient and quality iron and steel products with long life cycle and low environmental load. In 2013, Ansteel Group made breakthroughs in the research and development of critical new products of such areas as nuclear power, shipbuilding, offshore, automotives, railroads, bridges, petroleum and petrochemical products and vanadium and titanium, realizing a relatively good economic benefit.

In 2013, Ansteel Group independently undertook the construction of the two units of the first third-generation nuclear power project CAP1400, with the production technology of nuclear power steel and the products reaching the world-leading level; successfully developed the third-generation auto steel AQP980, thus becoming one of the few iron and steel enterprises with mass production capacity around the globe; successfully developed the new-generation

PG5 highly abrasion-resistant steel rail, completing the product and technology reserve for China's future construction of heavy haul railway, and thus becoming the only domestic enterprise with the technology of on-line heat treatment of steel rails; successfully developed the new-type bridge steel plate applied in Verrazano-Narrows Bridge of the US; and successfully developed chrome-free and finger print resistant liquid for hot-dip galvanized zinc coil, providing technical support for China's acquisition of the production technology of environmentally-friendly and passivated galvanized sheets. The titanium sponge project of Pansteel was built through the whole process and it successfully produced ultra-soft titanium sponge, which fills the gap of China in the field. Pansteel also developed vanadyl oxalate, titanium pigment specially used for coating and paper-making and other vanadium and titanium products.

● Boosting the Liftoff of Shenzhou 10 with Products ●

In 2013, China Aerospace Science and Technology Corporation sent a letter of thanks to Pansteel Group Jiangyou Changcheng Special Steel Co., Ltd. for its long support and assistance for Ansteel Group. From Shenzhou 1 to Shenzhou 10, Pansteel Group Jiangyou Changcheng Special Steel Co., Ltd. has always provided its support for the liftoff of every spaceship with its products. As a national key base for special steel research and production base and a national key supporting enterprise for military projects, the company has always taken the development and construction of national aerospace and military industries as its responsibility, and been dedicated to the R&D of high-end aerospace materials for years, making its contribution to China's aerospace industry. Therefore, it has been repeatedly commended by aerospace departments and the Commission for Science, Technology and Industry for National Defense.

● Successful Trial-Production of the Third-Generation Auto Steel ●

By adopting low-cost alloy component design, Ansteel Group succeeded in its trial production of AQP980 cold-rolled sheet for only one time, making it one of the few iron and steel enterprises with the capacity for Q&P steel mass production. The successful trial production has broken the bottleneck in producing high-strength steel at regular production line, enriched the variety of auto sheets, offered a new ideal alternative material for the Lightweight of Automobile and provided powerful product support for the technical progress of downstream industries, thus being of great significance to the improvement of the brand image and market competitiveness of Ansteel Group auto sheets.



The automotive steel sheets manufactured by Ansteel Group are extensively applied in the automotive industry.

● Providing Support for the LNG Layout in China's Coastal Area ●

After winning the bid for Sinopec's Project of Liquefied Natural Gas (LNG) in Guangxi, Ansteel Group would provide it with 9% nickel steel plates for LNG tanks, which is the second LNG tank project undertaken by Ansteel following the LNG Tanks Project of China National Petroleum Corporation in Tangshan. The series of nickel steel products of Ansteel have been successively accredited by China Standardization Committee on Boilers and Pressure Vessels and the classification societies of many countries. Among them, the 9% nickel steel produced by Ansteel Group, as a type of high-end and low-temperature-resistant alloy steel, features strong compression-resistant property and good low-temperature tenacity, being capable of meeting the requirements for long-distance transport in ultra-low temperature and LNG storage.

● Being the Exclusive Supplier of the First Third-Generation Nuclear Power Project in the World ●

On the strength of its superb product technology, quality and service, Ansteel Group has become the exclusive steel supplier of the two units of the Project CAP1400, the First Third-Generation Nuclear Power Project in the World. By accelerating its R&D of technology and products, Ansteel has taken the lead in possessing the capacity and qualification to produce more than 20 types of nuclear power steel of three series, namely, steel for containment of nuclear reactor, steel for major equipments in nuclear island and steel for the structures of conventional nuclear island. At present, the nuclear power steel of Ansteel Group has been applied in the construction of more than 10 million-kilowatt nuclear power units in China, making a significant contribution to China's manufacturing of the key equipment of nuclear power stations and increasing the import substitution rate of the equipment.



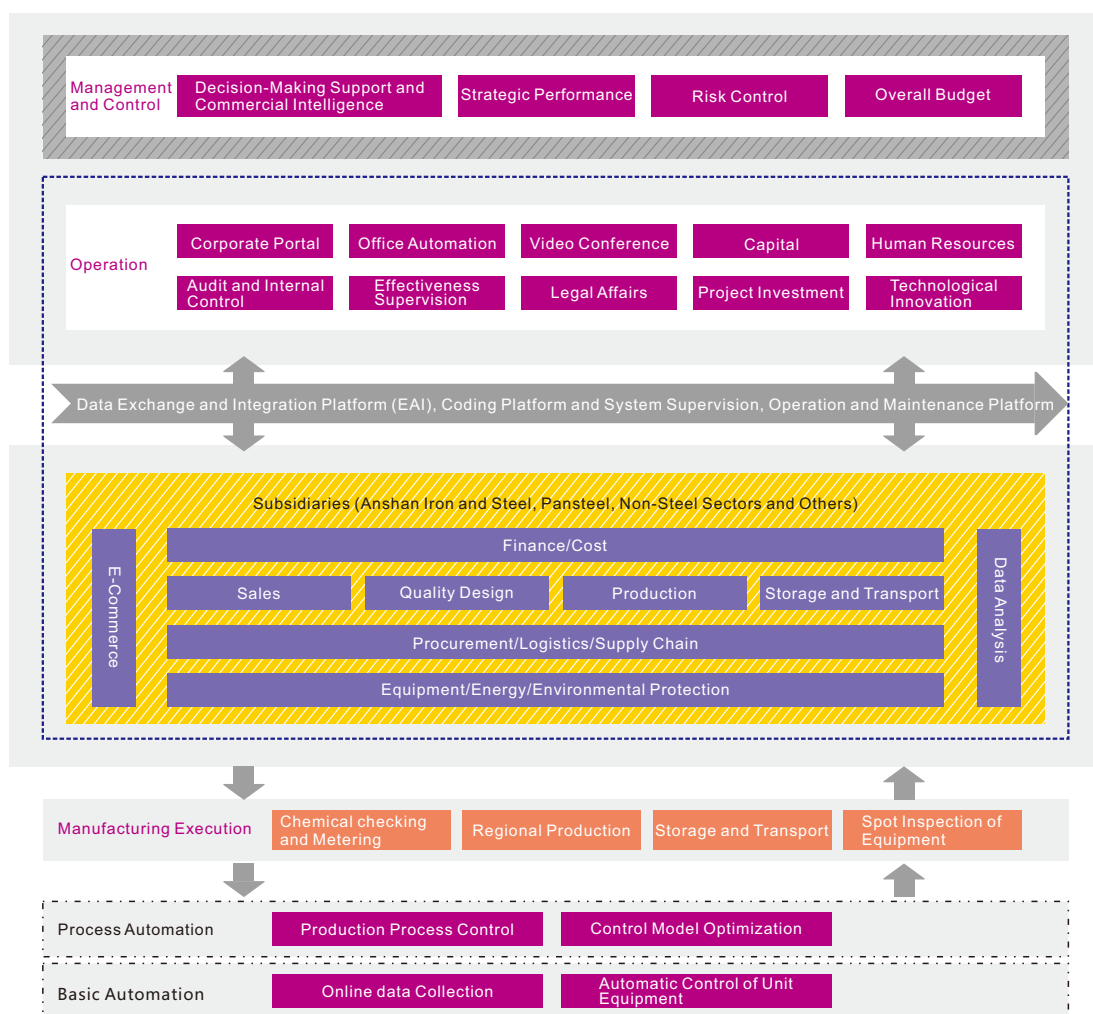
The nuclear power steel manufactured by Ansteel Group.

Informatization

Informatization Planning

In accordance with its strategic development planning, Ansteel Group compiled *2014-2016 Strategic Informatization Development Planning of Ansteel Group Corporation*, formulating an overall planning for its strategic goals for informatization, business needs, structure design, project construction and implementation plan, so as to drive the overall construction of informatization in an orderly manner by reinforcing the top-level

design of informatization and give full play to the role of Informatization in supporting the realization of the strategic targets of Ansteel Group. Moreover, it has improved its informatization management systems and operation mechanisms and accelerated its informatization across the board in light of the requirements of "Integrating Informatization and Industrialization".



Organizational Chart of the Information System of Ansteel.

The Achievements of Informatization

Ansteel Group has completed the OA system extension, mobile office, online participation in the management of Ansteel Group, IT system monitoring and the construction of the management platforms for operation and maintenance at the application level; and Ansteel Group has achieved an initial achievement in the projects including decision-making support system, internal portal of the enterprise and system disaster backup.

Anshan Iron and Steel has initiated the construction such information system projects as mine SRM, procurement, e-commerce platform (actual transaction), innovation network extension and upgrading, intelligent monitoring platform for business information publicity,

integrated logistics control, production scheduling system extension, equipment cooperative maintenance, management and control to promote its technical innovation and management innovation with information technology and boost its core competitiveness.

Aimed at the goals of "benchmarking, potential tapping, cost reduction, efficiency improvement, eliminating losses and achieving profitability", Pansteel has improved its informatization planning and informatized management system, reinforced the fundamental management of codes, operation and maintenance, optimized its procurement and sales information system and further deepened the application of information system.



CHAPTER 05

Constructing a Credible Ansteel

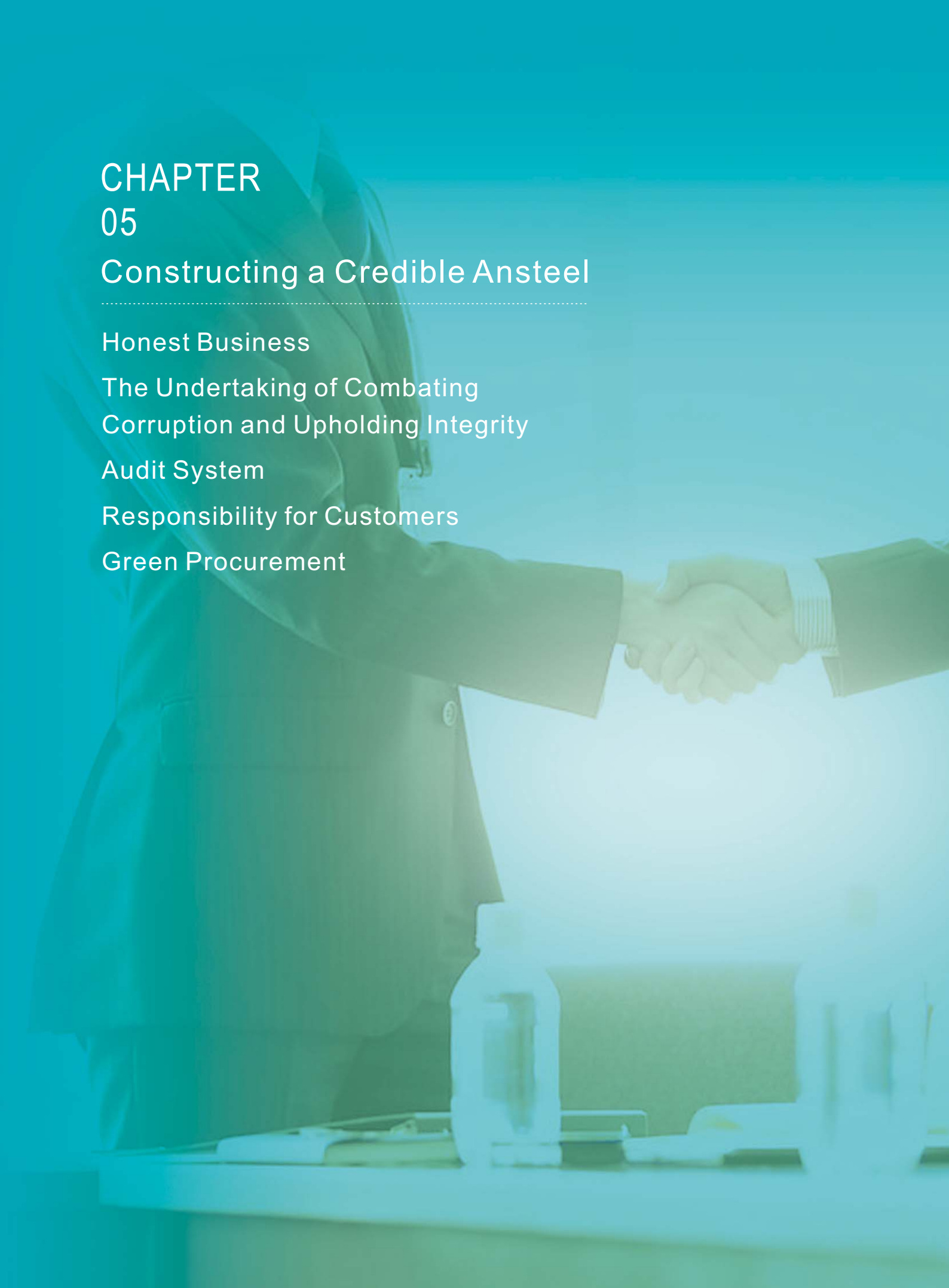
Honest Business

The Undertaking of Combating
Corruption and Upholding Integrity

Audit System

Responsibility for Customers

Green Procurement



Indicator System of the Social Responsibility and Sustainable Development of Ansteel Group Corporation

Honest Business

Concepts of Abiding by Laws and Regulation Compliance
Major Negative Information of Abiding by Laws and Regulation Compliance
Concepts of Honest Business
Construction of Honest Business System
Rank of Credit Rating
Contract Fulfillment Rate
Protecting Shareholders' Equity
Construction of Audit System

Corruption-punishment and Prevention System

Construction of Corruption-punishment and Prevention System
Combating Corruption and Upholding Integrity, and Combating Commercial Bribery
Culture of Integrity
Efficiency Supervision

System Certification

Quality Management System Certification
Environment Management System Certification
Occupational Safety and Health Management System Certification

Customer Management

Customer Relationship Management System
After-service System
Actively Responding to Customers' Complaints
Protection of Customers' Information
Customer Satisfaction Rate Survey
Product Quality Management
Product Qualification Ration
Negative Information of Product Quality
Strategic Communication and Cooperation with Customers

Supplier Management

Material Procurement Management System
Promoting Partners to Fulfill Social Responsibility
Strategy-sharing Mechanism and Platform
Green Procurement and Sunshine Procurement System
Supplier Appraisal

Honest Business



Operation with Honesty and Credit Pursuant to Laws

Upholding its operational concept of using high quality products to requite customers and achieving a win-win result with integrity, Ansteel Group adheres to the principles of legal operation, honesty and integrity and abides by state laws and regulations, business ethics, industry regulations and international conventions in its production and operation. It faithfully implements its contracts, strictly keeps its commercial credit and objects to illicit competition; respects stakeholders, protects the rights and interests of investors, creditors and consumers, creates value for its customers and develop together with all the member companies along the supply chain. In 2013, no incidents against laws or regulations happened in the international or domestic operation of Ansteel Group.

Improving the Juristic Safeguard System

The legal examination system for major decisions has been established. For the major decisions of Ansteel Group and its subsidiaries on matters including domestic and foreign investment and financing, joint venture and cooperation, property transfer, assets disposal, external guarantee, restructuring, merger and listing, the legal affairs departments provide legal opinions after legal argumentation to improve its capacity for legal examination for major decisions, and Ansteel Group incorporates its rules, regulations and economic contracts into the legal examination and management process, to boost its capacity for operation and management compliance control and the legal examination of major decisions, economic contracts and rules and regulations has reached 100% respectively.

Continuously Carrying on the Activities of Honoring Contracts and Valuing Credibility

Ansteel Group organizes its subsidiaries to take active part in the activities of honoring contracts and valuing credibility with continuous promotion, sustained maintenance and year-by-year growth as its goals, carries out contract management upgrading activities with institution perfection, procedures improvement, measures innovation and modes building as the main content, and has incorporated the implementation of honoring contracts and valuing credibility activities into the strategic performance assessment of the enterprises, which has been continuously conducted as an essential part of corporate management and has produced remarkable results. In 2013, in addition to the 2 national, 27 provincial and 10 municipal-level enterprises in Ansteel Group which had been honored as “Honoring Contracts and Valuing Credibility” enterprises, there are one national, one provincial and 2 municipal-level enterprises which were honored as “Honoring Contracts and Valuing Credibility” enterprises.

Protecting Shareholders' Equity

Attaching great importance to the protection of shareholders' rights, Ansteel Group protects their rights in strict accordance with the related provisions of *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies* in China and other state laws and regulations. Ansteel Group promptly announces the time, location and subject of shareholders' meetings to facilitate the investors' attendance at the meetings. Through online voting, it facilitates more shareholders to exercise their rights, protects their rights to attend the shareholders' meetings and to vote, promptly releases related information with the companies and properly responds to investors' concerns to safeguard their right for knowledge. In 2013, Angang Steel Co., Ltd. convened one annual shareholders' meeting and three interim shareholders' meetings, on which 20 proposals were reviewed and passed, while Pansteel Vanadium and Titanium Co., Ltd. convened one annual shareholders' meeting and two interim shareholders' meetings, on which 19 proposals were reviewed and passed.

The Undertaking of Combating Corruption and Upholding Integrity

Working Train of Thought

The First Congress of the Party Representatives of Ansteel Group confirmed the working train of thought of improving "One Level", giving full play to "Two Functions" and highlighting "Three Priorities".

Improving "One Level": Improving the scientific level of combating corruption and upholding integrity.

Giving full play to "Two Functions": Giving full play to the coordinating function and the monitoring function.

Highlighting "Three Priorities": Highlighting working style construction, case handling and earlier discipline inspection.

Pushing forward the Undertaking of Combating-Corruption and Upholding Integrity

Implementing the Spirits of the Eight-Point Code of the Central Party Committee to Unswervingly Correct the "Four Improper Working Styles".

Ansteel Group has issued the Notice on the *Implementation of the Requirements of the Central Commission for Discipline Inspection for Supervision Reinforcement, Accountability of Discipline Enforcement and Practical and Economical Festival Celebration* and the *Notice on the Strict Prohibition of Extravagance and Waste*, reiterated the regulations for professional integrity, resolutely curbed the "four improper working styles" and exposed the typical problems discovered by circulating notice of criticism.

Ansteel Group has conducted supervision of the implementation of the spirits of the Eight-Point Code of the Central Party Committee and reduced the number of briefing, number of conferences and the amount of expenses for conferences respectively by 21.6%, 27% and 7.22% year-on-year.



Ansteel Group convened a meeting on the undertaking of combating corruption and upholding integrity.



Ansteel Group convened a meeting for the implementation of the spirits of the Eight-Point Code of the Central Party Committee.

Construction of the Culture of Integrity

With the Six Development Concepts to guide its thoughts and actions, Ansteel Group has promoted earlier discipline inspection, reinforced pre-education and the construction of the culture of integrity, and built the Anti-Corruption and Upholding-integrity Education Exhibition Hall and Diligence and Promoting-integrity Exhibition Hall respectively in Anshan and Panzhihua. The Anti-Corruption and Upholding-integrity Education Exhibition Hall of Ansteel was named as an "Anti-Corruption and Upholding-integrity Education Base of Liaoning" by Liaoning Committee for Discipline Inspection and has received visits of more than 6000 person-times. It convened the cadre meeting for "Upholding the Party Spirit of Honesty and Integrity and Improving Working Style to Reduce Cost and Improve Efficiency", circulated notices of criticism to disclose 10 law- and discipline-violating cases handled by Ansteel Group, compiled educational materials including *Shattering the Greedy Dreams of Making Money with Fake and Inferior Sealing Products*, *Disillusion and Responsibility*, organized the "Honesty and Clean Working Environment" Essay Competition and had conversations with its 10 leaders directly managed by Ansteel Group on honesty and integrity before they assumed office. Ansteel Group has transformed the website of Anti-Corruption and Upholding Integrity Information by adding new columns and enriching its contents to create an information sharing platform for the undertaking of combating corruption and upholding integrity.



Ansteel employees visited the Anti-Corruption and Upholding-integrity Education Exhibition Hall.



Pansteel employees visited the Diligence and Promoting-integrity Exhibition Hall.

Zero-Tolerance Punishment of Corruption

Ansteel Group strictly investigated the major cases of the loss of state assets, disruption of production and operation order and violation of employees and people's interests. In 2013, Ansteel Group accepted 707 complaints via petition letters and visits, registered and investigated 37 of them, punished 40 persons who violated the discipline and recovered a total of RMB 124 million economic losses. It has established the case discussion and consultation system to conduct collective research on major cases and improve case handling efficiency. It has established the "double check for one case" and "double report for one case" mechanisms, promptly proposed measures for rectification and compiled warning and educational materials. Ansteel Group has improved its trial systems and processes, given full play to the educational function of trials, explored a joint-trial approach and improved its efficacy, efficiency and results.

Audit System

Ansteel Group has further reinforced the construction of its audit system, established the audit management and control model under a unified leadership with stratified accountability and built up an audit structure in which the audit and supervision function is jointly performed by the audit offices at three levels, namely, Audit Department of Ansteel Group, the audit departments of its regional subsidiaries and non-steel sectors and the audit offices of the organizations affiliated to the subsidiaries. Ansteel Group has established and improved its audit management system, standardized the audit procedures, controlled audit risks and tightened audit operation.

In addition to traditional audit items including financial revenues and expenditures, financial responsibility and construction cost, Ansteel Group also carries out special audit items, including operation and management, engineering management, internal control evaluation, post-project evaluation, tax planning, comprehensive

utilization of resources, procurement system, sales system, IT system, process tracking, management consultation and risk control. Drawing on advanced experience, it has innovated in working methods, analyzed and summarized the systematic, overall and common problems discovered by audit offices and compiled them into *Internal Audit Reference* to reinforce its control over major risks and guarantee a prompt and effective rectification of the problems. Centering on its strategy, operational goals and internal control, Ansteel Group has conducted management audit with specific purposes to help the enterprises to improve their operation, management and value creation.

Responsibility for Customers

Marketing System

To further promote the innovation of marketing management, Anshan Iron and Steel established the Marketing Center, by which it has systematically integrated marketing resources, given full play to the advantage of many production bases and marketing teams in specialized sales, given prominence to specialized marketing, provided differentiated services, turned from mere product marketing to comprehensive brand marketing consisting of marketing, services and reputation, and established new-type cooperative relations featuring credibility and reciprocity. To employ innovative marketing means, it established an exclusive business platform of Ansteel, signifying a breakthrough in the online sales. Pansteel has adopted the innovative model of "Representative of Managing Personnel + Technical Representative (Product Engineer) + Customer Service Manager" to further its communication and cooperation with target customers at all levels.

Construction of Customer Service System

Aiming at improving the physical quality of its products, Ansteel Group continuously adopts innovative customer service models and has established the customer-oriented System of "Excellent Service". It has made the promise of "Four Guarantees" to customers that it will guarantee that its products' quality shall satisfy their demands, the prices of products shall have market competitiveness, and the date of delivery shall be on time and after service shall be complete.

It has further improved its customer complaint handling and service system, revised its customer complaint management procedures and defined the responsibility and complaint handling authority of relevant departments. It has attached importance to the combination of customer complaint handling and technical service, implemented multi-level complaint handling authority management, constantly reinforced the stationed technical service management for major products and promoted a prompt response to and resolution of customer complaints.

Ansteel Group has established strict confidentiality system, which is observed in accordance with the principle of "The Person in Charge of the Business Should Be Held Responsible for the Confidentiality" to effectively protect the information of customers. In 2013, no confidential customer information leak occurred.

Strengthening the Exchange and Cooperation with Customers

Chairman and the leaders concerned of Ansteel Group, leading a delegation, personally visited many customers, including FAW Group Corporation, CSR Corporation Limited, China State Construction Engineering Corporation, BYD Co., Ltd., China International Marine Containers (Group) Co., Guangzhou Automobile Industry Group and Dongfeng Motor Company. They investigated the demands of customers for product and service quality and attended to and collected their expectations, opinions and suggestions regarding product and service quality to fulfill the promise of "Four Guarantees", improve the market competitiveness of their products, provide customers with quality



The leaders of Ansteel Group visited Guangzhou Automobile Industry Group.

products and service and establish long and stable cooperative relations with customers.

Ansteel Group organized symposiums for container steel customers and wire rod product customers to fully exchange with them on product quality improvement, logistics delivery, product R&D, technical transformation and customer service, and held a symposium with the enterprises consuming steel in Guangzhou to have in-depth exchange on the cooperation in supply and demand and market development.

The subsidiary of Angang Steel Co., Ltd. in Bayuquan Area set up a youth innovation alliance with 7 downstream customer enterprises, founded 12 youth innovation workrooms and established a long-term communication and exchange mechanism with customer enterprises to make the integration of enterprises closer, communication smoother and thus achieve win-win cooperation between enterprises.

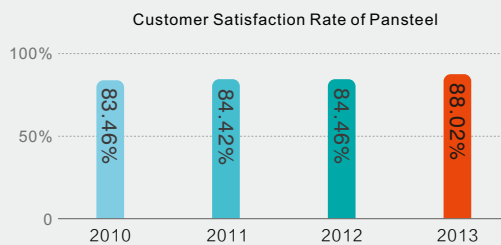
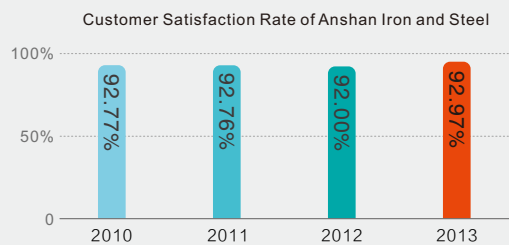


Ansteel Group exchanged with the enterprises consuming steel in Jilin.

Customer Satisfaction Survey

Attaching importance to customer satisfaction management, Ansteel Group has established the customer satisfaction measurement procedure and continued its improvement of the products and elements with less customer attention and a low satisfaction rate. Ansteel Group conducts customer satisfaction surveys on a regular basis annually of different industries and categories, which collect data on product quality, marketing policy, service condition and other key elements. Ansteel Group has boasted a high customer satisfaction level for many consecutive years.

In 2013, the Seamless Steel Pipe Factory of Angang Steel Co., Ltd. was qualified as one Class A Supplier of Seamless Steel Pipes for Fluid Transport by China National Petroleum Corporation in 2013. The Wire Rod Factory of Angang Steel Co., Ltd. and Ansteel Metal Construction Co., Ltd. were honored with the title of Customer Satisfaction Enterprise in Liaoning Province. The Angang cold-rolled sheets for automobile manufactured by the Cold rolling Factory of Angang Steel Co., Ltd. were honored with the title of Customer Satisfaction Product in Liaoning Province. The Pansteel brand series of titanium pigment was named one of the "Ten Most Popular Paint and Coating Products among Customers in China".



System Certification

In 2013, 11 products of Ansteel Group, including high-speed steel rail, standard steel rail, standard turnover steel rail and turnover steel rail for passenger line, were certified by China Railway Test & Certification Centre (CRCC), signifying that it acquired the capacity for guaranteeing its products' full compliance with the production standard of railroad steel products, and thus Ansteel became the enterprise which had the most CRCC certified products among the domestic steel rail production enterprises. Its quenched and tempered high-strength steel plates of all grades for pressure vessels has passed the technical review of China Standardization Committee on Boilers and Pressure Vessels.

Quality Management

Upholding the principle of Quality First and Regarding User as the Foremost, Ansteel Group has carried out the brand strategy and constantly reformed and effectively operated its quality management system. Taking "Quality Month" as an opportunity, it organized the activities of "Seven Checks and One Visit", i.e. checking the following seven aspects including quality responsibility consciousness, quality safety level, quality assurance system, standard enforcement, metering check assurance, field management and quality loss and paying a visit to customers to conduct improvement based on the existing problems and the reasonable suggestions proposed by customers. Ansteel Group strives to put the development concept into practice that product quality is corporate life to constantly improve customer satisfaction and loyalty.

In 2013, at the National Award Ceremony of Quality Light in 2013, Zhang Xiaogang, President of Ansteel Group, was elected as a Quality Person of the Year. Two product series of Pansteel, i.e. 43-75kg/m steel rail and 60kg/m high-speed steel rail, won the Physical Quality "Golden Cup Award" of 2013 Metallurgical Products from China Iron and Steel Association. Titanium Industry Co., Ltd. of Panang Group was honored with the first "Panzhihua Government Quality Award" by Panzhihua Municipal People's Government, making it the only company honored with the government quality award.

Green Procurement

Construction of Procurement Management System

By constantly promoting the construction of a system for centralized materials procurement, Ansteel Group has given full play to the benefit of large-scale procurement and the synergy effects of integration. In light of the principle of "centralized large-scale procurement and decentralized small-scale procurement", it has optimized the catalogue of centralized procurement, conducted centralized management and control of bulk materials, established the decision-making platform for price policy conferences, reinforced the linkage among "procurement, production, research and marketing" to improve its procurement operation mechanism. Ansteel Group has improved its management and control capacity for procurement by inviting tenders, direct procurement and functional contract, further strengthening the undertaking of basic procurement management.

Conducting Sunshine Procurement

In accordance with the state laws and regulations on bidding and tendering, Ansteel Group has improved its bidding and tendering management system and working process to guarantee the compliance, order and transparency of bidding and tendering. It has established bid evaluation and pricing mechanism, highlighting multi-dimensional comparison and analysis to set the price after bid evaluation in a scientific manner. It has fully promoted the online bidding and tendering system, standardized the online publication of bidding and tendering information, improved its bidding and tendering supervision system, added online monitoring facilities and enabled its monitoring system to cover the whole process of bid opening and evaluation, thus ensuring a standardized operation throughout the bidding and tendering process.

Supplier Management and Assessment

Ansteel Group has strengthened the construction of procurement supply chain to promote green procurement. By establishing a platform for sharing the information of qualified suppliers, Ansteel Group assesses suppliers by qualification and proficiency, product quality, contract fulfillment, after service, environmental protection, honesty and credibility and social responsibility, compiles catalogs of qualified suppliers in accordance with the categories of the materials they supply and removes from the catalogs any supplier without the qualifications provided by state laws and regulations, the capacity for safety production or the capacity for fulfilling social responsibility. Suppliers of toxic, hazardous, flammable or explosive products or those harmful to the environment, and occupational health and safety are required to obtain a relevant management system certification and be capable of recycling and treating packaging and wastes in accordance with the relevant regulations of Ansteel Group.

CHAPTER

06

Constructing a “Green Ansteel”

Management Planning

Energy Management

Water Resource Management

Conducting Blue Sky Program

Comprehensive Utilization of
Resources

Ecological Governance



Indicator System of the Social Responsibility and Sustainable Development of Ansteel Group Corporation

Management Planning

Planning for Environmental Protection and Energy Conservation and Emission Reduction
Environmental Protection Training System
Total Investment in Environmental Protection
Total Investment in Energy Conservation and Emission Reduction
Policies or Measures for Green Office

Energy Management

Policies, Measures or Technologies for Energy Conservation
Total Amount of Conserved Energy
Energy Consumption Amount
Comprehensive Energy Consumption per Ton of Steel
Ratio of Putting Coke into Furnace
Pulverized Coal Injection Rate of Blast Furnace
Releasing Rate of Blast Furnace Coal Gas
Self-Power Generation Amount
Waste-heat Steam Recovery Amount
Converter Coal Gas Recovery Amount
Generating Power with Wind Energy and Utilizing Solar Energy
Policies or Measures for Green Office

Water Resource Management

Policies, Measures or Technologies for Saving Water Resources
Total Water Consumption Amount
New Water Consumption Amount
New Water Consumption per Ton of Steel
Cyclic Utilization Rates of Water
Policies, Measures or Technologies for Reducing Waste Water Discharge
Waste Water Discharge Amount and Its Reduction
Waste Water Discharge Amount per Ton of Steel
COD Reduction Target

Tackling Climate Change

Measures or Technologies for Reducing Greenhouse Gas Emission
Greenhouse Gas Emission Amount and Its Reduction
Policies, Measures or Technologies for Reducing the Emission of Waste Gases and Smoke and Dust
Dust Emission Amount per Ton of Steel
Carbon Dioxide Emission Amount per Ton of Steel

Solid Waste Management

Policies, Measures or Technologies for Reducing Waste Slag Discharge
Generation Amount of Solid Waste
Comprehensive Utilization Rate of Solid Waste
Application of the New Processes of Solid Waste Disposal

Ecological Governance

Ecological Governance Planning
Protecting Biological Diversity
Measures for Mine Vegetation Remediation and Plant Afforestation
Afforestation Rate of Plant Area
Land Reclamation Rate in Opencast Mining Area

Management Planning

Assuming its social responsibility consciously, Ansteel Group has planned resource-conservation and environmentally-friendly industries as strategic emerging industries to make efforts to establish the new development advantage in the industry. Ansteel Group emphasizes the incorporation of the concepts of green and low-carbon economy and environmental protection into the whole process of production and operation, accelerates its transformation and upgrading, promotes the researches and application of green manufacturing technology and develops the circular economy to build itself into a resource-saving and environmentally friendly enterprise.

Ansteel Group continuously improves its energy-conservation and environmental protection systems and management systems, includes energy conservation and environmental protection in corporate development strategy, operational plan and performance evaluation, and strengthens process supervision and project transformation, effectively guaranteeing the implementation of energy conservation and environmental protection.

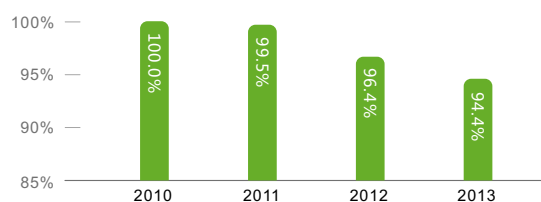
In 2013, Ansteel Group invested RMB 3.21 billion in the projects of energy conservation and emission reduction, including waste heat recovery for power generation, desulfurization of sintering flue gas, smoke and dust disposal, replacement of coal with natural gas for power generation, transformation and upgrading of steel-making system for environmental protection, transformation and upgrading of old coke ovens, transformation of old refractory shaft kilns and transformation of iron-making material stock yard. Ansteel Group achieved favorable achievements in major energy conservation and emission reduction indicators and completed the targets of the 4th term and the initial targets for energy conservation and emission reduction during the 12th Five-Year Plan assigned by SASAC. Angang Steel Co., Ltd. was honored with the title of "Clean-Production and Environmentally-Friendly Enterprise" by China Iron and Steel Association. Chaoyang Anling Iron and Steel Company passed the field assessment of energy conservation during the 12th Five-Year Plan by Commission of Economy and Informatization of Liaoning Province.

Energy Management

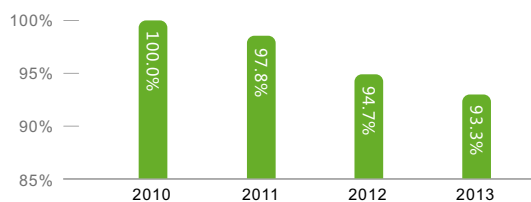
Energy Consumption

In 2013, Ansteel Group made breakthroughs in energy conservation and emission reduction and reduced its energy consumption by 470,000 tons of standard coal than that in 2012 and its comprehensive energy consumption per ton of steel by 1.75% year-on-year. Since the implementation of the 12th Five-Year plan, it has reduced its energy consumption by 1.17 million tons of standard coal cumulatively.

Variation in Comprehensive Energy Consumption per Ton of Steel of Anshan Iron and Steel (%) (Using the figure in 2010 as base number)

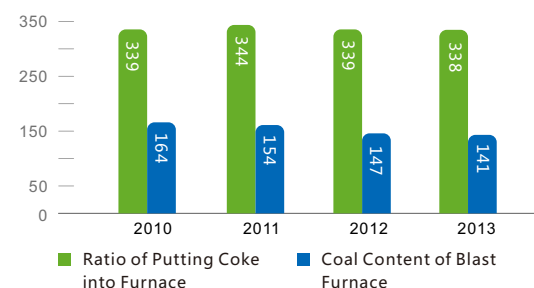


Variation in Comprehensive Energy Consumption per Ton of Steel of Pansteel (%) (Using the figure in 2010 as base number)



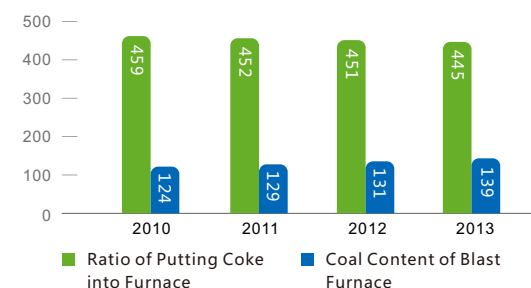
Variation in Ratio of Putting Coke into Furnace and Coal Content of Blast Furnace of the Home Plant of Anshan Iron and Steel

Unit: kg/t



Variation in Ratio of Putting Coke into Furnace and Coal Content of Blast Furnace of the Home Plant of Pansteel

Unit: kg/t



Actively Promoting the Construction of Energy-conservation Projects

Ansteel Group has promoted the execution of energy management contract projects and conducted tracking, supervision and management of the whole process of the projects. In 2013, Ansteel Group conducted 88 energy-conservation projects and reduced its annual energy consumption by 136,000 tons of standard coal. Pansteel conducted 19 energy-conservation projects, reduced its annual energy consumption by 95,800 tons of standard coal and increased its annual power generating capacity by 350 million kilowatt-hours.

Cooperation of Energy Utilization

As a conceptual factory of environmentally-friendly steel-making of the steel industry, the subsidiary of Angang Steel Co., Ltd. in Bayuquan Area assumes its responsibility of practicing circular economy and sustainable development, cooperates with the local enterprises in Yingkou Development Zone and promotes energy conservation, emission reduction and environmental protection. Following the cooperation with Huaneng Yingkou Power Plant on the project of power generation with waste gas of coke ovens, it has initiated cooperation with Haicheng North Steel Pipe Industry (Yingkou) Group on tube blank heating with waste gas of coke ovens. By doing so, it can utilize 126 million cubic meters of waste gas of coke ovens annually and reduce its annual sulfur dioxide emission by 290 tons and annual carbon dioxide emission by 90,000 tons, producing relatively good economic, environmental and social benefits.

No.1 Converter of Ansteel Won the Title of "Champion Furnace"

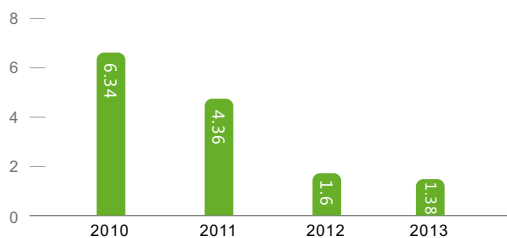
On November 14, 2013, at the Energy-conservation, Consumption Reduction and Benchmarking Competition of National Key Large-Scale Energy-Consuming Steel-Making Equipments jointly organized by China Mechanical Metallurgy Building Materials Trade Union and China Iron and Steel Association, the No.1 converter of the subsidiary of Angang Steel Co., Ltd. in Bayuquan Area won the title of "Champion Furnace" and the new No.1 blast furnace of Angang Steel Co., Ltd. won the title of "Superior Furnace".



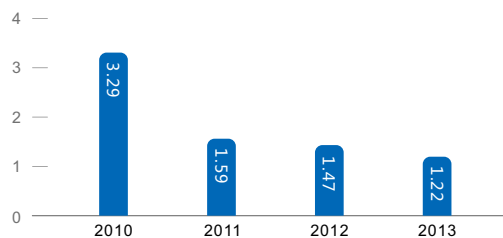
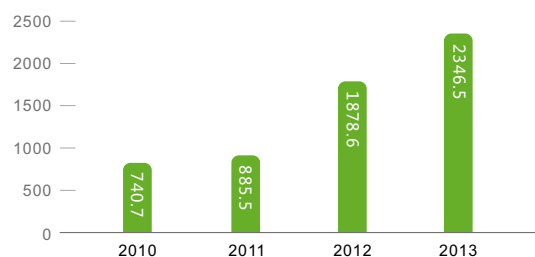
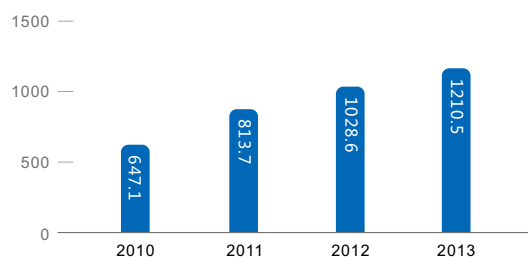
Recycling and Utilization of Waste Energy

In 2013, by tackling the key problems in the projects including increasing TRT power generation, power generation with waste heat and waste energy and zero emission of coal gas, Ansteel Group continued to improve its capability for waste energy and heat recovery. The converter coal gas recovery, TRT power generation, CCGP power generation, CDQ power generation and power generation with sintering waste heat of Anshan Iron and Steel were respectively increased by 16.59%, 8.41%, 16.94%, 47.03% and 25.57% year-on-year, while the releasing rate of blast furnace coal gas was reduced by 17.5% year-on-year. The converter coal gas recovery, TRT power generation, self-power generation and the amount of waste heat and steam recovery of Pansteel were respectively increased by 36.73%, 28.47%, 21.77% and 17.68% year-on-year, while the releasing rate of blast furnace coal gas was reduced by 17.01% year-on-year.

Releasing Rate of Blast Furnace Coal Gas of Anshan Iron and Steel (%)

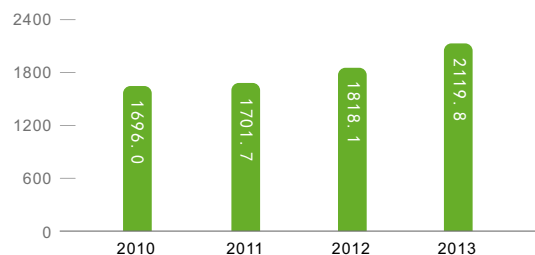


Releasing Rate of Blast Furnace Coal Gas of Pansteel(%)

Variation in the Amount of the Waste-heat Steam Recovery of Ansteel
Unit: 10,000 GJVariation in the Amount of the Waste-heat Steam Recovery of Pansteel
Unit: 10,000 GJ

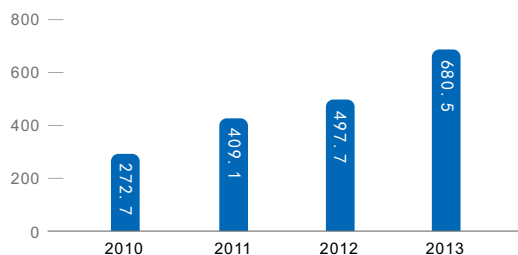
Amount of Power Generated with Wind Energy in Bayuquan Base of Ansteel

Unit: 10,000 kWh



The converter coal gas recovery of Pansteel

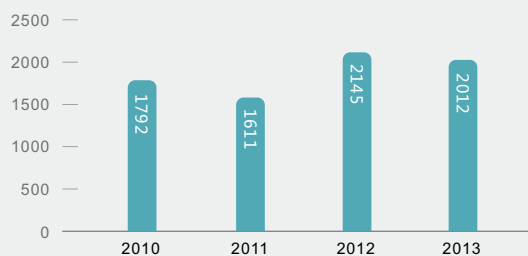
Unit: Millions of cubic meters



Clean Energy Utilization

The Bayuquan Iron and Steel Base of Ansteel continuously explores the development connotation of a "Clean, Green and Low-Carbon" steel industry, has pioneered the simultaneous development and utilization of wind energy, solar energy and seawater desalination technology among China's steel enterprises and thus has become a "Demonstration Base" of clean energy utilization for steel enterprises. In 2013, the Bayuquan Iron and Steel Base generated 20.12 million kilowatt-hours of power with wind energy, which met the demands for electricity of the office buildings and street lighting inside the plant.

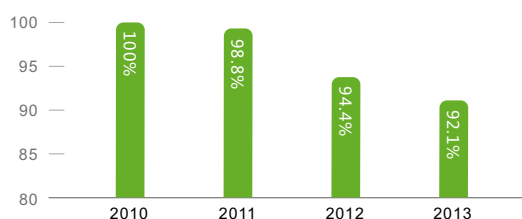
Anshan Bayuquan base wind power (KWH)



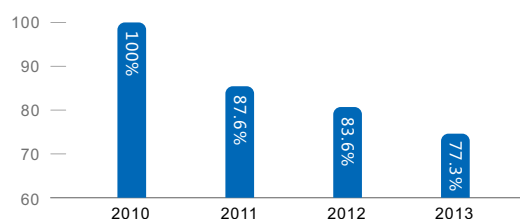
Water Resource Management

Ansteel Group actively explores the path to green development and strengthens the cyclic utilization of water resources and waste water treatment by adopting water-saving production process or no-water consumption process to treat waste water from the source of production and has transformed from end-treatment to prevention. In 2013, it conducted 22 water saving projects at factory level and reduced its new water consumption per ton of steel by 3.12% year-on-year and its COD emission by 6.72% year-on-year, fully conforming to waste water emission standards. The cyclic utilization rates of water of Anshan Iron and Steel and Pansteel reached respectively 96.96% and 96%.

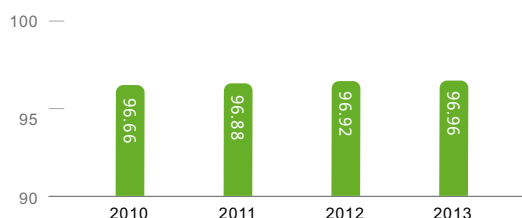
Variation in the New Water Consumption per Ton of Steel of Anshan Iron and Steel (Using the figure in 2010 as base number)



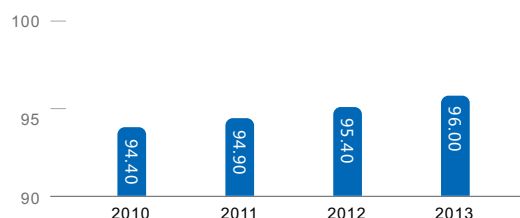
Variation in the New Water Consumption per Ton of Steel of Pansteel (Using the figure in 2010 as base number)



Cyclic Utilization Rates of water of Anshan Iron and Steel (%)



Cyclic Utilization Rates of water of Pansteel (%)



Conducting Blue Sky Program

Ansteel Group actively promotes the execution of Blue Sky Program and has compiled the implementation plan for Blue Sky Program and planned to invest RMB 7.1 billion in 68 emission reduction projects in 3 years to present the people of Anshan with a new look of "environmentally-friendly steel-making industry" that will bring back the clean water and blue sky. In 2013, it conducted 21 projects, including flue gas desulfurization of sintering machine, replacement of coal with natural gas at central power station, dust treatment of sintering material area, dust control of power generating coal yard and comprehensive utilization of crushed dumped rock of Dagushan Mine.

Through the projects, Ansteel Group can reduce its annual emissions of sulfur dioxide, smoke and dust, and nitrogen oxide respectively by 8000 tons, 2500 tons and 100 tons, which contributes to the improvement of the urban environment of Anshan and the benefits of citizens, and has been commended by Liaoning government by circulating a notice.

The program of "Development and Industrial Application of the Integrated Technology of the Process and Equipment of Efficient Flue Gas Desulfurization of Sintering Machines" developed by Pansteel has further improved the efficiency and synchronous rate of flue gas desulfurization of sintering machines, reaching an internationally leading level. Pansteel conducted 20 smoke and dust treatment projects, including transformation of coal loading process for dust elimination, partial environment improvement of stock yards and transformation of the front part of sintering machine for dust elimination, which can decrease the emission of dust by 47,000 annually, thus effectively improving the urban environment of Panzhihua.



Chen Zhenggao, Governor of Liaoning Province, surveyed the Blue Sky Program at Ansteel.

Comprehensive Utilization of Resources

Ansteel Group is always dedicated to the comprehensive development and utilization of metallurgical slag by exploring new process, products and technologies of metallurgical slag disposal. Ansteel Group boasts 13 modernized metallurgical slag processing lines and has developed 16 series of metallurgical slag products, including steel slag powder, composite powder of steel slag, dry powder mortar, iron carbon capsule and seawater desalinization stone. By the end of 2013, Ansteel Group had formulated 16 national metallurgical slag disposal standards and had 26 patents granted by the State Intellectual Property Office. Five of its R&D projects of metallurgical slag disposal process and products have been compiled into the *National Program of Solid Metallurgical Waste Development and Utilization in the 12th Five-Year Plan*.



Ansteel Group organized its employees to visit the exhibition hall for comprehensive metallurgical slag utilization.

Ansteel Group's Project of Comprehensive Utilization of Metallurgical Slag Resources won Honorable Prize of the Grand Prize for China Industry

At the Commendation Meeting of the 3rd Grand Prize for China Industry, Ansteel Group's project of Comprehensive Utilization of Metallurgical Slag Resources won the Honorable Prize of the Grand Prize for China Industry and the capacity expansion and transformation project of Pangang Titanium Processing Factory won Nomination Prize of the Grand Prize for China Industry.

Closely centering on energy conservation and emission reduction, Ansteel Group strives to develop circular economy, construct an energy-conservation enterprise and recycle its resources and boasts the largest comprehensive metallurgical slag development and utilization enterprise in China. From 2006 to 2013, Ansteel Group processed an accumulative amount of 18 million tons of metallurgical slag, produced 6.5 million tons of iron and steel materials and 7 million tons of building materials, and reduced its exploitation of iron ore and limestone by 22.43 million tons and its carbon dioxide emission by 13 million tons.



Ansteel Group's Project of Comprehensive Utilization of Metallurgical Slag Resources won Honorable Prize of the Grand Prize for China Industry.

Conducting Comprehensive Utilization of Iron Tailing Resources

In 2013, the achievement of "Experimental Research of High Value-Added Building Materials Made of Iron Tailings" made by Ansteel Group Mining Company passed scientific and technological evaluation and successfully researched and produced such high value-added materials as glass ceramics, ceramsite, foamed ceramics, dry powder mortar and light-weight panel for insulated walls, whose quality is compliant with the relevant national technical standards. They have opened up a new path to large-scale development and utilization of iron tailings, effectively promoted the high-tech iron tailing R&D and the industrial operation of China's mining enterprises and created remarkable economic, social and environmental benefits,

In the selection activity for the "Most Influential Enterprises" in 2013 organized by China Enterprise Confederation and China Enterprise Directors Association, Angang Group Mining Company and Pangang Mining Co., Ltd. jointly exhibited their achievements in scientific and technical innovation.



At the 2013 China (Beijing) International Mining Expo, Angang Group Mining Company and Pangang Mining Co., Ltd. jointly exhibited their achievements in scientific and technical innovation.

Ecological Governance

Ansteel Group organized the themed activity of "Promoting Eco-Civilization and Constructing Beautiful Ansteel" to strengthen its staff's awareness of ecological environment protection and realize the coordinated development of production and environment. In 2013, Ansteel Group planted 663,000 trees, 1.284 million bushes, 28,000 hedgerows, 198,000 vines, 47,000 clusters of cover plant and 15,000 square meters of lawn. By the end of 2013, 5.38 million trees, 15.25 million bushes, 2.72 million vines and 3.6 million square meters of lawn had been planted in the Anshan Area and the green coverage ratio of the metallurgical plant exceeded 35%.

Anshan Iron and Steel has planed to afforest and improve the ecological environment of the 450,000 m² yard for industrial waste disposal in the plant and build it into Zhuoxiu Garden, an ecological theme park that fully embodies its corporate culture. Once completed, it will improve the environment of the plant and the air quality of Anshan and will be listed as an environmental protection education and training base by Liaoning Province.



Environment of plant areas of Ansteel Group.



Assuming its social responsibility, Ansteel Group vigorously implemented the "Blue Sky Program" to construct a "beautiful Ansteel". A multi-level afforestation layout with grass, trees and flowers has been initially formed, further improving the air of the plant, adjusting its ecological condition, largely curbing the dust pollution in urban area and making significant contribution to social public welfare.



The leaders of Ansteel Group and Anshan City jointly inaugurated the ecological theme park of Ansteel—Zhuoxiu Garden.

CHAPTER 07

Constructing a “Happy Ansteel”

Profile of the Staff

Rights and Interests of the Staff

Employee Development

Caring for Employees

Safety Management



Indicator System of the Social Responsibility and Sustainable Development of Ansteel Group Corporation

Staff Profile

Total Number of the Staff
Staff's Knowledge Structure
Staff's Post Structure

Staff's Age Structure
Increase and Decrease of the Staff
Staff Turnover Rate

Rights and Interests of the Staff

Abiding by National Laws and Regulations on Employment
Employment Contract-signing Rate and Collective Contract Coverage Rate
Proportion of the Employees Joining Trade Union
Remuneration and Welfare Policies and Construction of Welfare System
Equal Employment System
Social Insurance Coverage Rate
Paid Vacation System
Negative Information of Employment Disputes
Trade Union Construction and Trade Union Coverage Rate
Female Employees' Legitimate Rights and Interests and Special Rights and Interests
Democratic Management and the Communication between the Staff and Leadership
Mechanism for Staff's Participation in Corporate Operation

Staff Development

Human Resources Development Planning	Training Outlay
Staff Training Management System	Per Capita Training Expenses
Staff Training Performance	Staff Training Measures
Total Training Hours	Staff Career Development
Per Capita Training Hours	Channels

Caring for Staff

Visiting and Consoling Employees and Aiding Needy Employees
Caring for Disabled Employees and Their Number
Staff Medical Security System
Coverage Rate of Staff Physical Examination and Healthcare Record
Staff Health Rehabilitation
Conducting Various Recreational and Sports Activities
Improving Staff's Working and Living Environment
Implementation of Labor Protection Measures and Corresponding Supervision and Inspection

Safety Production

Policies and Goals for Safety Production Management
Safety Production Management System
Casualty Number Caused by Safety Production Accidents
Injury Rate per Thousand Employees and Injury Frequency per Million of Working Hours
Investment in Safety Production
Safety Production Education and Training
Emergency Response Management Mechanism for Safety Production
Formulation of Emergency Response Plan and Emergency Response Drill
Occupational Health Management System
Occupational Disease Prevention Measures and the Number of Occupational Diseases

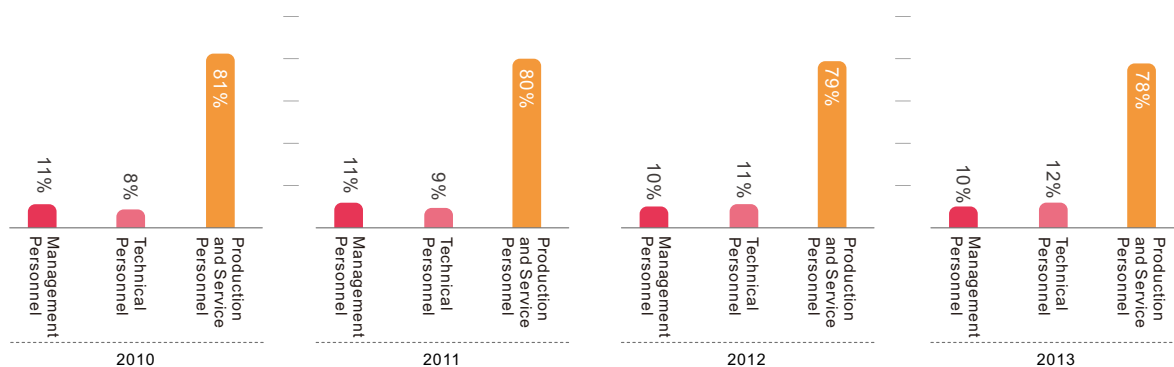
Profile of the Staff

By the end of 2013, Ansteel Group had a total of 202,787 employees, of whom 184,582 were on the job. Compared with the end of 2012, the number of employees dropped by 8032, or 3.96%.

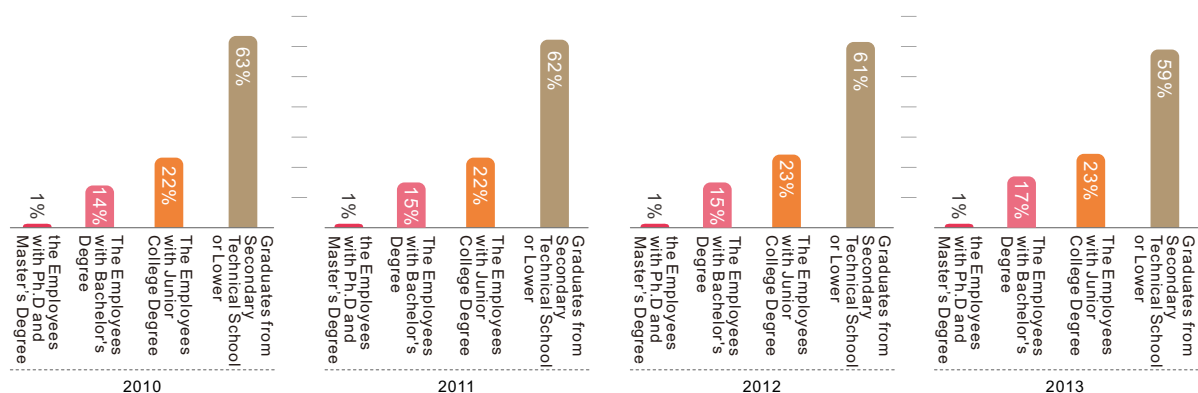
Profile of the Staff of Ansteel Group

	2010	2011	2012	2013
Number of Employees	233971	225154	216201	202787
Number of Employees on the Job	204992	199337	192614	184582
Number of Female Employees	46415	43850	40955	35183
Ratio of Female Employees	22.6%	22%	21.3%	19.1%
Number of Newly-added Employees	2582	1591	1834	1582
Number of Reduced Employees	11049	10408	11824	14276

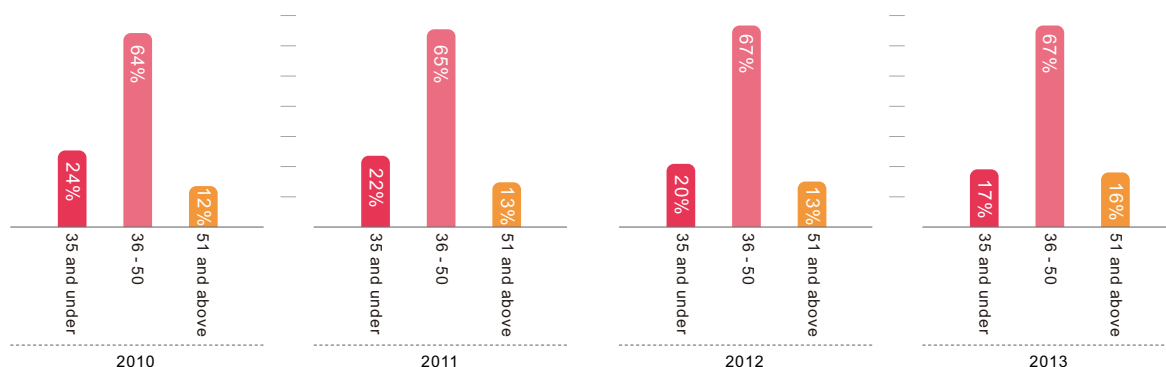
Constitution of the Positions of Employees



Constitution of the Educational Background of Employees



Age Structure of Employees



Rights and Interests of the Staff

Regulating Labor Employment

Conscientiously abiding by laws and regulations, such as *Labor Law* and *Labor Contract Law*, Ansteel Group regulated its labor employment, earnestly protected the rights and interests of the staff and signed labor contracts with employees pursuant to relevant laws, with a labor contract signing rate of 100%. In 2011, Ansteel Group Corporation canceled or terminated labor contracts with 2,128 employees.

Ansteel Group has established a sophisticated system of labor dispute mediation and formulated such management systems as labor dispute negotiation and mediation management methods and regulations on internal labor dispute settlement. Ansteel Group and its subsidiaries have all established their labor dispute mediation committees with an institutionalization rate of 100%.

Collective Contracts

Ansteel Group conscientiously fulfills the collective contracts with employees and special collective contracts for protecting the rights and interests of female employees. The collective contract covers labor employment, remuneration, working hours, rest and vacation, labor safety and health, special protection of female employees, employee training and education, insurance and welfare, etc., effectively protecting the legitimate rights and interests of employees and enterprises. In 2013, Ansteel Group established and improved the supervision & inspection of labor laws and the working mechanisms of trade unions at different levels, and actively promoted collective negotiation, with its collective contract coverage rate reaching 100%.

Staff's Remuneration and Welfare

Ansteel Group adheres to the principle of distribution on the basis of labor and conducts the institution of equal access to employment opportunities and equal pay for equal work, with no prejudice on grounds of gender, age, health status, race, and religious belief, etc. In accordance with post value orientation, it established a remuneration distribution system based on post value to inspire the enthusiasm and initiative of its employees. It formulated the option incentive method for key talents and established the medium- and long-term incentive mechanisms for key talents.

In line with the national and local insurance policies and regulations and considering the characteristics of different regions, Ansteel Group as established and improved an employee security system, provided all employees with endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing allowances and paid various general expenses in full, with an insurance coverage rate of 100%. Besides, according to the actual situation, it has established the corporate annuity system in Anshan Area to guarantee the pension of its employees. The system will be established in all subsidiaries once all conditions are in place.

Strictly abiding by the state laws and regulations on working hours, rest and vacations of employees, Ansteel Group formulated related rules and regulations compliant with its actual circumstances and implemented the standard working system of eight hours per day and 40 hours per week. It formulated the program of paid leave for its employees to make sensible arrangements for their work, rest and vacations, protect their rights to rest and vacation, thus inspiring their enthusiasm.

Respecting and Protecting the Rights and Interests of Female Employees

Earnestly abiding by the *Special Provisions on Labor Protection of Female Employees* formulated by the State, Ansteel Group effectively protected the legitimate rights and interests of female employees, given labor protection for female employees in their "Four Special Periods", rationally arranged their work and improved their working environments to ensure their safety. It provided the female employees in Anshan Area Women Safety and Health Insurance and organized regular physical health examinations for them to prevent "Uterine Cancer & Breast Cancer", with an examination coverage rate of 100%. It held 209 lectures on occupational hazards and health knowledge for female employees. Pansteel purchased the 14th batch of mutual critical illness insurance launched by Sichuan Province for female employees and arranged health examinations for 11,023 female employees.

To care for needy female employees, Ansteel Group arranged regular visits for solicitude to them. In 2013, Ansteel Group aided needy female employees for 1,394 person-times with a relief fund of RMB 965,000.

Democratic Management

Trade unions have been established in the headquarters, basic-level units, workshops and teams of Ansteel Group. There are 202,787 members in all its trade unions. Both the coverage rate of trade unions and membership rate of employees have reached 100%. In compliance with Constitution of the Chinese Trade Unions, the trade unions at all levels operated independently and organized employees to participate in democratic decision-making, management and monitoring of Ansteel Group by means of employees' congress or in other forms. In 2013, Ansteel Group executed 10 proposals of employee representatives effectively, which were all handled in accordance with regulations. The report rate of important events reached 100%.

Ansteel Group established and improved the system of enterprise affairs openness, regulated the openness of enterprise affairs and democratic management and adopted innovative means of enterprise affairs openness. Through the manager (factory director) reception day system, manager (factory director) liaison system, conducting satisfaction evaluation of enterprise affairs openness, organizing inspection visit of employee representatives, conducting "Online Participation in Enterprise Management" among employees, etc., Ansteel Group continued to deepen the openness of enterprise affairs and enable employees to contribute through participation.

Communication between Employees and the Management Leadership

Putting much emphasis on the communication between employees and the management leadership, Ansteel Group encouraged the employees to participate in corporate production and operation. The "Online Participation in the Enterprise Management" and Proposing Suggestions systems were established. The Employees' Congress is regularly held. A regular discussion is held between the management leadership and employees to ensure that the management can tune in to the concerns of employees. The "Reception Day" system ensured that the management could hear employees' opinions on all aspects of Ansteel Group by reading the employees' letters and receiving their visits. Activities were held to solicit rational suggestions from employees and employee's opinions and suggestions could be received at any time. The opinions and suggestions collected through the above channels were conducted by relevant departments and the employees who made brilliant opinions and suggestions were awarded.

"Online Participation in Enterprise Management"

On November 20, 2012, Ansteel Group launched the "Online Participation in Enterprise Management" with real-name registration system. Through the "Online Participation in Enterprise Management", Ansteel Group solicited proposals from its employees and understood their needs, fully respected their subject status and pioneering spirit, and expanded the model of all-staff participation in management. By the end of 2013, it had established the special network application platform system of "Online Participation in Enterprise Management" covering three levels, namely, Ansteel Group, its subsidiaries and their affiliated companies. Through the platform, it collected 99,402 opinions and suggestions from its employees and 83,316 of them were settled.

Conducting the Activities of Soliciting Rational Suggestions from Employees

All the units of Ansteel Group extensively organized activities to solicit rational suggestions, and put more emphasis on tapping the internal potential of the enterprise, improving product quality and reducing product cost. Anshan Iron and Steel organized "Brilliant Suggestions" Collection and Competition to solicit rational suggestions, through which it collected more than 20,000 rational suggestions from the employees and selected 69 "brilliant suggestions", 171 "excellent suggestions" and 303 "good suggestions", creating a value of RMB 188 million. Pansteel held exhibitions of management innovation achievements of workshop directors, selected and displayed 2,528 brilliant innovation suggestions and 1952 innovation achievements, and conducted 799 brilliant management innovation suggestions.



Ansteel Group held the suggestion soliciting symposium for technical personnel.

Anshan Iron and Steel Opened Microblog and Wechat Accounts

In November 2013, Anshan Iron and Steel opened its official Microblog and Wechat accounts to display its new measures and achievements in production and operation, reform and development, and transformation and upgrading, respond to the wishes and expectations of its employees and fully present its corporate image. Besides, the accounts enabled it to communicate and interact with the public, governmental agencies, media and model representatives, playing an important role in publicizing and promoting the winning of "two battles" for eliminating losses, increasing efficiency, as well as transformation and upgrading.



Employee Development

Construction of Employee Training System



Ansteel Group initiated the experts' forums on future development.



The steel rolling process control technology R&D team of Ansteel Group.



The task group of Ansteel Group on the "Application of the Technology of Environmentally-Friendly Fueling of the Organic Waste Gas of Color Coating Lines and Low-Temperature Gas Energy Recycling".

With its education and training center as a base, Ansteel Group established the five major training systems for political theories, quality management, innovation, safety and corporate employee psychology, and advanced the construction of online training and studying platforms. By combining theory training and field training, it focused on improving the capability of trainees at all levels to tackle the actual problems on the job and on the spot. Through strengthening the training for trans-disciplinary and multi-profession skills, training and education have become a powerful support for winning in eliminating losses and increasing efficiency.

In 2013, Ansteel Group offered employee training for 81,316 person-times. Specifically, it offered 1,078 training classes for the personnel of the level of deputy factory director/deputy division director or above and the management and technical personnel for 4,386 person-times, and 924 production, operation and service personnel training classes for 68,454 person-times.

Strengthening the Cultivation of Senior Managing Talents

To accelerate its cultivation of senior managing talents and build up a professional team of senior managing talents, Ansteel Group selected 30 young and middle-aged cadres with potential to attend the 7th training class of the University of Science and Technology Beijing to improve their mastering of political theories and their capability for operation and management, pioneering and innovation and comprehensive leadership. It held the senior seminar for implementing the "Six Development Concepts", and eliminating losses and increasing efficiency across the board. Through deepening its knowledge of domestic and international macroeconomic situations, the situation of the iron and steel industry, and its development status and future development direction, Ansteel Group strove to tackle the problems in its development.

Strengthening the Cultivation of Technical Talents

To build up a professional team of senior technical personnel, by centering on its major demands and future development, Ansteel Group encouraged its technical personnel to renew their knowledge, learn advanced core technologies and key technologies of the steel industry and conduct application researches through continuing education to improve its core competitiveness. In 2013, it selected 389 technical personnel to the Continuing Education College of Northeastern University for further studying modern metallurgy. It sent 30 management and technical personnel to Dalian University of Foreign Languages for further studying English. It organized English contests for its employees to boost their capability to learn the advanced technology and management experience of foreign countries. Pansteel conducted menu-style training and special training respectively for 312 outstanding young technical talents and 18 special talents in vanadium and titanium fields.

Strengthening the Cultivation of Skilled Talents

To build up a professional team of skilled talents, Ansteel Group created a new and innovative training model and sent its senior skilled talents proficient in technology, operation and teaching to Tianjin University of Technology and Education and Kunming University of Science and Technology for training. After training, they passed on the new technology and knowledge to their students to improve the overall quality of the staff.

Ansteel Group carried out technical competitions for employees. By organizing technical competitions and exchanges of various forms, Ansteel Group inspired the enthusiasm of its employees for learning new technologies and improved the overall quality of its staff. In 2013, to give full play to the guidance function of technical competitions in training employees and improving their skills, it organized technical competitions for the employees of 27 types of work in Anshan Area and Pansteel organized the 5th Technical Competition for Employees participated by the employees from 48 types of work. Totally 56 employees won the title of the Technical Champion of Ansteel Group while 191 won the title of Technical Expert of Ansteel Group.

On the 2013 Occupational Skill Competition for the Testers of Building Materials of the State-owned Enterprises Directly Under the Central

Government, Ansteel Group, as the only participant from the steel industry, won the Outstanding Organizer Award. One participant of Ansteel Group won the Bronze Prize and two won the Excellence Prize.



Ansteel Group carried out technology competitions for employees.

Independent Innovation of Employees

Ansteel Group organized mass independent innovation activities for its employees and made substantial achievements. Anshan Iron and Steel conducted 1097 projects for technical breakthrough and created a value of RMB 195 million in terms of production and income increase but consumption and cost reduction. Pansteel conducted 50 key projects for employee innovation. The "Li Yanjia Innovation Workroom" of Anshan Iron and Steel won the title of "Model Employee Innovation Workroom" of National Machinery, Metallurgical and Building Material System. Pansteel named its 1st batch of 16 technical master workrooms, of which two were included in the 1st batch of Technical Master Workrooms of Panzhihua City.

Anshan Iron and Steel conducted the promotional campaign for advanced operational techniques named "Creating Value by Hundreds of Professions in Thousands of Ways and Striving for Higher Skill Grades by Thousands of Employees", which promoted 497 advanced operational techniques at factory level, passed on excellent experience and "skills", encouraged employees to perfect their skills and improve their operational techniques, promoted the integration of employees' intelligence and Ansteel Group's transformation and upgrading, and improved the quality of its staff. Pansteel collected 38 advanced operational techniques and commended 9 of its employees in 2013 for creating advanced operational techniques.

Participation in Online steeluniversity.org Steel-Making Competition

On November 12, 2013, the 8th International steeluniversity.org Online Steel-Making Competition opened around the globe and the participants from Ansteel Group competed with thousands of other competitors. Shen Yongdai and Wang Dugang, two employees of Ansteel Group won the first two places of the enterprise team in the Eastern Asian and Oceania Region.



Caring for Employees

Continuing the Activities of "Warmth to Thousands of Households"

Ansteel Group further conducted the activities of "Warmth to Thousands of Households" to care for disadvantaged groups, carried out "Providing Warmth" project and enabled its employees to live a decent life and be happy at work. In 2013, Ansteel Group visited and aided needy employees for 20,165 person-times and provided them with a relief fund of RMB 8.77 million. In addition, it visited and aided needy retired employees for 22,039 person-times and provided them with a relief fund of RMB 8.7 million.

To realize the goal of "Providing Warmth" activities, i.e. "to unite visits and mechanism building, to aid needy employees and resolve deep-rooted contradicts, and to integrate material aids with human care", Ansteel Group vigorously carried out the aiding activities on a "one-to-one" and "many-to-one" basis. A total of more than 5,700 cadres in Anshan Area extended their help to 1,555 employees on a one-to-one basis and 1,156 on a many-to-one basis. Over 95% of the needy employees were assigned one or more designated cadres and employees. More than 800 cadres of Pansteel participated in the poverty alleviation activities with 908 helping pairs formed and 867 contact groups established.



1.2. Leaders of Ansteel Group visited and extended their care to needy employees.

3. Leaders of Ansteel Group visited the R&D personnel of Vanadium and Titanium (Iron and Steel) Research Institute.

4. Leaders of Ansteel Group extended their care to workers at the production line of the main iron-making plant of Angang Steel Co., Ltd.

5.6. Leaders of Ansteel Group visited and extended their care to national model workers.



Conducting Donation and Poverty Alleviation Activities of "Offering Solicitude and Providing Warmth"

By organizing the donation and poverty alleviation activities of "offering solicitude and providing warmth", Ansteel Group called on its employees to offer their solicitude. Actively responding to the appeal, the employees participated in the activities and donated a total of RMB 5.495 million to needy employees, fully exhibiting their fine tradition of solidarity, friendship and mutual help. The donation was mainly for aiding the on-the-job, on-leave and retired employees with special difficulty, hospitalized employees or employees on long-term leave for disease, employees in life difficulty for sudden incidents, needy employees disabled during work and needy disabled employees, needy and single female employees with children, etc.



Ansteel Group conducted donation and poverty alleviation activities of "offering solicitude and providing warmth".

Guaranteeing the Health of Employees

Attaching great importance to the health of employees, Ansteel Group established a four-in-one medical security system for employees, i.e., basic medical insurance, over-limit medical insurance, complementary corporate medical insurance and medical financial aid to ease their burden of medical expenses. In 2013, Ansteel Group offered RMB 18.9884 million medical financial aids to employees and aided 3,677 hospitalized employees.

Organizing health examinations for employees. In 2013, Ansteel Group continued to organize health examinations for employees and completed health examination for 98,656 employees. The employee health examination filing rate reached 85.79%. Ansteel Group safeguards the health of employees by timely discovering the health risks of its employees and offering prompt treatment through physical examinations.

Organizing tobacco control activities. Ansteel Group continued its promotion of tobacco control and created tobacco-free working areas comprehensively. In June 2013, Pamela Redmon, Director of Tobacco Free Cities - Gates China Tobacco Control Program, fully recognized and gave a high appraisal to the achievements of Ansteel Group in tobacco control. She said, "as a model enterprise in tobacco control, Ansteel has not only made contribution to the tobacco control of Anshan, but will also become a model in tobacco control to other enterprises as a typical case of the Gates China Tobacco Control Program." By the end of 2013, there were 24 tobacco-free units in Ansteel Group the ratio of smokers dropped by 12.5% and its employees increased their knowledge about the harmfulness of smoking by 19%.

Conducting health rehabilitation. Caring for its employees, Ansteel Group arranged regular health rehabilitation for employees. In 2013, it organized health vacations for a total of over 58,367 on-the-job employees and health rehabilitation for 3,500 retirees. During the rehabilitation, interesting recreational and sports activities were organized, making the employees fully feel the care from Ansteel Group.



Ansteel Art Ensemble performed for the retired employees on rehabilitation.

Holding the Activities of "Sending Refreshing Coolness"

Ansteel Group conducts the activities of "sending refreshing coolness, guaranteeing safety, promoting development and doing something specific for workers at the production line" every summer. In the activities, Ansteel Group bought water dispensers, fans, beverage, medicine cabinets, tea and other heatstroke prevention products for its employees and the leaders at different levels personally went down to the production line to visit the workers there to create a safe and comfortable working environment for them and show them the care of Ansteel Group in hot summer.



The main steel-making plant of Angang Steel Co., Ltd. had the heatstroke prevention beverage sent to the production line, sending refreshing coolness to the workers working at high temperature.

Improving the Working and Living Environment of Employees

In light of the principle of "protecting the rights and interests of employees and promoting the development of the corporation", Ansteel Group conducted the practical project focusing on "improving the working and living environment of employees, responding to their concerns, eliminating various potential safety hazards and strengthening food hygiene and epidemic prevention management". Leaders of Ansteel Group conducted in-depth surveys to hear and tackle the major concerns of the employees. In 2013, Anshan Iron and Steel conducted the project of "Healthy Breakfast" for employees, established 7 breakfast supply stations inside the plant and designed and ordered 6 breakfast supply carts. It renovated 21 canteens and 43 public bathhouses, replaced damaged lockers and operator's stools, renovated and added 36 tableware disinfection cabinets, 17 credenzas, 2,370 water dispensers and 185 air conditioners and purchased 6 buses for internal transport to solve the shortage of commuting buses for employees inside the plant.



Leaders of Ansteel Group had dinner together with employees and asked for their opinions and suggestions.



Ansteel Group conducted the "Project of Healthy and Nutritional Breakfast".

Conducting Recreational and Sports Activities for Employees

Ansteel Group organized for employees extensive recreational and sports activities with positive subjects, innovated in their forms and broadened their coverage. In 2013, various sports and fitness activities were organized in Anshan and Panzhihua, including chess and cards, table tennis, badminton, long-distance running, tug-of-war, shuttlecock, football, basketball, volleyball, mountaineering, fun games and winter swimming. Employees in Anshan Area participated in the employee fitness exhibition and torch relay of the 12th National

Games. The activity of "culture dissemination to factories" was carried out, sending more than 6000 books, picture albums, couplets and New Year pictures to employees at production line. Many recreational activities were held, including "The Chinese Dream - Beauty of Labor" Employee Coral Festival, "Songs for the Party" Employee Singing Competition and "The Chinese Dream - Love of Ansteel" Summer Evening Party. Pansteel organized the competition of "The Most Beautiful Mother of Pansteel", "The Most Beautiful Laboring Moment Photography Competition of Pansteel Employees" and the New Year Painting and Calligraphy Competition, which enriched the leisure life of employees, provided them with a platform to exhibit their talents and improve their quality and satisfied their spiritual and cultural demands.

In 2013, at the 12th National Games, Anshan Iron and Steel was honored with the title of "National Model Unit in Mass Sports". The tug-of-war team of Anshan Iron and Steel won a total of 10 gold medals and 2 silver medals in the National Tug-of-War Championship and National Tug-of-War Classic Event. Pansteel, representing Panzhihua City, attended the 9th Radio Broadcasting Calisthenics Competition of Sichuan organized by Sichuan Provincial Bureau of Sports and Trade Union of Sichuan and ranked No.1 with the highest total score.



- 1.2. Ansteel Group organized its employees to participate in the torch relay of the 12th National Games.
3. Ansteel Group organized the activity of "National Fitness Month".
4. Ansteel Group organized the 8th Table Tennis Competition of Employees Residing at Home.
5. Ansteel Group organized the 2013 "Chinese Dream - Love of Ansteel Summer Evening Party for Employees".
6. Employees of Pangang Group Mining Co., Ltd. presented a consoling performance.
7. Group Ansteel Group Conducted the Activity of "Sending Cultural Products to Rural Areas".

Safety Management

Construction of Management System

In accordance with the firmly rooted principle of "people-oriented and safe development" and strictly abiding by the safety production policy of "priority in safety, prevention as a focus and comprehensive control", Ansteel Group further deepened the implementation of the responsibility as a subject for safety production, formulated its safety production accountability system, confirmed the responsibilities of leaders at each level in safety production and established a safety production accountability system with its various levels effectively connected.

Ansteel Group reinforced the basic construction for safety production and established a long-term mechanism for potential danger investigation and elimination to keep its safety production up to standard and fulfill the responsibilities of regional safety production management. In 2013, 109 accidents of production safety occurred in Ansteel Group. Among them, there were 1 major accident, 4 ordinary fatalities, 5 severe injuries and 99 minor injuries. The injury rate per 1,000 people was 0.572‰.

Improving the Intrinsic Safety of Occupational Health

Effective supervision over occupational health for intrinsic safety is an important manifestation of Ansteel Group's implementation of the scientific outlook on development. In 2013, Ansteel Group conducted an in-depth safety production inspection and organized accident threats and occupational hazards investigation and elimination. A total of 26,951 threats to safety production were discovered and 26,412 of them were eliminated with a rectification fund of RMB 35.526 million. Pansteel purchased more than 500 pieces of emergency protection equipments, including gas detectors and air respirators, to improve its capacity for safety protection against toxic and harmful gas, and emergency rescue. Anshan Iron and Steel invested RMB 32 million in the improvement of its safety technology and measures, elimination of potential dangers to safety protection equipments and purchase of emergency equipments to improve the intrinsic safety of the equipment and facilities.

Ansteel Group fulfilled the *National Occupational Disease Prevention Program*, reinforced the management of occupational health in work places, established and improved its occupational health management system, and improved its capacity for occupational health supervision to control and reduce the occupational disease threats from the source and protect the physical health of the workers.

Ansteel Group actively promoted the creation of enterprises with standardized safety production. In 2013, 31 plants and mines of Ansteel Group were certified as level I, level II and level III enterprises in the standardization of safety production. Among them, the Main Coking Plant and Hot-rolled Band Steel Plant of Angang Steel Co., Ltd. were certified as level I enterprises in the standardization of safety production. To date, 143 plants and mines of Ansteel Group have been certified as the enterprises with standardized safety production.



Leaders of Ansteel Group inspected safety production at production line.

Safety Culture Building

With the "Safety and Health Cup" competition as a carrier, Ansteel Group organized seminars on safety theories, special training activities, lectures on safety and health, "Outstanding Team Leaders" Challenge Competition, essay competition of "Walking with Safety - Stories about Safety That I Know", creating a good environment valuing safety and caring for life. In 2013, Ansteel Group invited experts from State Administration of Work Safety to provide special training on "the Main Responsibilities of Enterprises in Safety Production", thus promoting the concept of corporate safety and creation of safety culture. It organized 1,896 emergency drills at all levels, which were attended by 43,000 person-times. All its employees attended the "Cracking down Illegal Production and Operation" knowledge contest organized by the State Administration of Work Safety.



1. Angang Steel Co., Ltd. organized the "Outstanding Team Leaders" Challenge Competition
2. Ansteel Group held the "Practicing New Safety Concepts" speech contest
- 3.4. Ansteel Group organized emergency drills.



CHAPTER 08

Constructing a "Harmonious Ansteel"

Social Public Welfare

Volunteer Service

Providing Support for
Social Basic Construction

Cooperation between
Regional Governments
and Enterprises



Indicator System of the Social Responsibility and Sustainable Development of Ansteel Group Corporation

Social Public Welfare

Providing Local People with Employment Opportunities
Donation Management System
Formulation of Donation System
Disaster Relief and Charity Donation
Donating Funds for Schools
Supporting Outlying Difficult Regions

Volunteer Service

Policies and Measures for Supporting Voluntary Activities
Voluntary Activities

Cooperation between Enterprises and Local Governments

Cooperation Between Enterprises and Local Governments
The Influence of Corporate Operation on Local Economic Development
Supporting National Economic Construction

Social Public Welfare

The Reply Letter of General Secretary Xi Jinping to Guo Mingyi's Love Team



Guo Mingyi read the reply letter of General Secretary Xi Jinping to the members of the Love Team

Comrades of Guo Mingyi's Love Team,

Thank you for your letter. I am gratified to know that you have been "learning from Lei Feng spirit following Guo Mingyi" and helping those in need with your love to elevate your life realm through social service, helping others and dedication to your position. I hereby express my highest esteem to you and all volunteers and benevolent people in China.

Everybody can learn from Lei Feng and offer their compassion anywhere. Great benefaction can be accumulated by doing trivial beneficial things and nothing can be greater than them. If everyone can give a hand to those in need, our society will be a better place. The working class in China should set an example for the whole society on learning from Lei Feng and creating new civilized fashion to enable Lei Feng Spirit to become a common practice in China. I hope you try to put the socialist core values into practice, be positive and learn virtue, feel the power of virtue from helping others, write the new Lei Feng-style stories of the new generation with your actions and make your contribution to the realization of the Chinese Dream.

I wish you success in work and a happy family!

Xi Jinping
March 4, 2014

Construction of Guo Mingyi's Love Team

Guo Mingyi's Love Team is a volunteer team named after Guo Mingyi, a national model worker of Ansteel hailed as a Lei Feng of modern times. Since its foundation in 2009, Guo Mingyi's Love Team of Ansteel Group has been enlarged from a team of more than 3000 volunteers to one team of nearly 40,000 volunteers. Currently there are more than 600 branches of the team across the country with a total of more than 1.3 million volunteers. Taking Lei Feng and Guo Mingyi as models, they have made remarkable achievements by dedicating to their positions and social practice. On March 4, 2014, General Secretary Xi Jinping replied to the letter from Guo Mingyi's Love Team and fully recognized their achievements in the activity of "Learning Lei Feng Spirit Following Guo Mingyi". Responding to the appeal of General Secretary, employees of Ansteel Group strove to write Lei Feng-style stories of the new generation with their actions. Leaders of Ansteel Group took the lead in joining Guo Mingyi's Love Team and donated more than RMB 30,000. They also took a lead in joining Guo Mingyi's Team of Dedication to Positions and participated in the volunteer works.



Leaders of Ansteel Group took the lead in joining Guo Mingyi's Love Team. They also took a lead in joining Guo Mingyi's Team of Dedication to Positions.



Guo Mingyi's Love Team donated for and aided the construction of a "Hope Primary School" in Dashi Town of Gangu County, Gansu Province.



On March 13, 2013, Sean B. Stein, Consul General of the United States of America to Shenyang, came followed by a delegation of 11 all the way to participate in the activity of blood donation without repayment organized by Guo Mingyi's Love Team.

In 2013, Ansteel Group reinforced the construction of Guo Mingyi's Love Team. Guo Mingyi's Love Workroom completed the registration of more than 100 teams and more than 10,000 volunteers for joining the team, registered and collected more than 5000 appeals for help, raised more than RMB 2.4 million, donated more than RMB 2.33 million and helped more than 1000 needy people and households. The team organized more than 20 excellent activities. In May 2013, Guo Mingyi's Love Team of Ansteel and its counterparts in some other state-owned enterprises directly under the Central Government organized the Launching Ceremony of Donations to Western China for Student Subsidy in Tianzhu County of Wuwei City, Gansu Province. 952 students in extraordinary poverty in remote villages of Gansu were subsidized with a donation of nearly RMB 400,000.

Establishment of Guo Mingyi's Love Team of China's Steel Industry

On October 25, 2013, Guo Mingyi's Love Team of China's Steel Industry was established in Ansteel. More than 1000 workers of the Communist Youth League and young volunteers from 58 steel enterprises in China attended the founding ceremony. In addition, it organized the "Love, Dream and Devotion Day" activities and initiated seven volunteer activities, namely, donation for the Hope Project, blood donation without repayment, donation of hematopoietic stem cells, body (organ) donation, charity volunteers, and Emergency Response Unit and Volunteer Service Unit of the Red Cross.



Guo Mingyi's Love Team of China's Steel Industry was established in Ansteel.

Blood Donation without Repayment and Solicitude Offering

As a state-owned enterprise directly under the Central Government, Ansteel Group keeps its social responsibility in mind along its economic development course and organizes its employees to donate blood without repayment. Around the Spring Festival of 2013, the blood bank of Anshan was in extreme shortage. The Red Cross of Ansteel organized its employees to donate blood to offer their solicitude at the central blood station of Anshan and the temporary blood collection vehicles in its plants and mines. 524 employees from 28 companies, such as Ansteel Group Mining Company, Railway Transport Company and Mineral Waste Company, donated 128,500 ml of blood, displaying once again their unselfishness and strong social responsibility with action.



Ansteel Group Organized Its Employees to Make Compulsory Blood Donations.

Social Donation

In accordance with the regulations on donation management for the exterior, Ansteel Group regulated its donation management, engaged itself vigorously in social public welfare undertaking and endeavored in poverty alleviation and partner assistance program. In 2013, Ansteel Group donated a total of RMB 9.123 million.

Donations of Ansteel Group in 2013

Items	Purpose	Amount
Disaster Relief	Earthquake relief for Lushan	RMB 1.613 million
Poverty Alleviation	Aids for the construction of submersible bridge in Shihuiyao Town of Xiuyan County, Anshan, and donation of students subsidies in Autumn and 50 TV sets	RMB 430,000
	Aids for the construction of village roads in Yanbian County, Panzhihua City	RMB 2.45 million
	Targeted poverty alleviation of Wangcang County of Guangyuan City, Sichuan	RMB 1 million
	Targeted poverty alleviation of Eastern District, Western District, Renhe District and Miyi County of Panzhihua City, Sichuan	RMB 1.65 million
	Targeted poverty alleviation of Pan County of Liupanshui City, Guizhou	RMB 1 million
	Aids for the Binggu Primary School of Miyi County, Panzhihua	RMB 100,000
Student Subsidies	Subsidies for the students of the employees in extraordinary poverty or with difficulty	RMB 880,000

Total **9.123**million

Earthquake Relief of Pansteel for Lushan

On April 20, 2013, an earthquake measuring 7.0 on the Richter scale struck Lushan County of Ya'an City, Sichuan. After the earthquake, Pansteel extended a helping hand to the earthquake-stricken area promptly to fulfill its social responsibility as a central enterprise. Pansteel promptly initiated various emergency response measures for disaster

alleviation and prevention and sent 10 large trucks carrying tents, bed quilts and other supplies to the area on the very day the earthquake broke out. It organized two medical teams with its professionals and sent them to the area. In the 7 days for disaster alleviation, they paid 2,129 medical visits and received 360 visits for treatments. Pansteel sent traffic wardens to the area for related tasks. Their working hours added up to more than 300 hours and helped to remove the road block for more than 20 times. Employees of Pansteel donated RMB 1.613 million to the earthquake-stricken area of Lushan.



Organizing Financial Aid for Schooling in Golden Autumn

Taking it as an important aspect of its poverty alleviation and to enable each and every child of employees in difficulty to attend schools, Ansteel Group conducted the activity of Financial Aid for Schooling in Golden Autumn at the beginning of every academic year to address the schooling issues of the children of the employees in difficulty and marginal employees in difficulty. In 2013, Ansteel Group offered RMB 880,000 as subsidies to 760 children of the employees in difficulty.

Angang Steel Co., Ltd. also incorporated its emotional concern into the activity. In addition to the subsidies to the children of the employees in difficulty who had been admitted to universities or colleges, it also sent a letter to each of them to congratulate them on their success in examination and encourage them to overcome difficulties.



In the 2013 Financial Aid for Schooling in Golden Autumn, Ansteel Group organized a painting and calligraphy charity bazaar and raised RMB 91,000, which were used to subsidize the children of the employees in difficulty for college and university education.

Volunteer Service

Ansteel Group actively conducted the youth volunteer service activity of "Learning Lei Feng Spirit following Guo Mingyi". Centering on its project of "Promoting Eco-Civilization and Constructing Beautiful Ansteel", it mobilized its young volunteers to participate in the planning and construction of Zhuoxiu Garden of Angang Steel Co., Ltd. They were responsible for the design, naming and construction of landscape pavilions, arch bridges connecting islands, ecological deer park, cultural gallery, water-friendly platform, etc. It organized aiding activities for young workers in difficulty in the form of pair aiding. Young volunteers were mobilized to participate in social public welfare and conduct the activities of Guo Mingyi's Love Team in Communities to offer their solicitude and help to the elderly persons of no family and people in difficulty.

In 2013, the number of young volunteers in Ansteel Group reached 26,616, of whom 3,346 participated in the blood donation without repayment, 319 participated in the donation of hematopoietic stem cells and 43 participated in cornea donation. 1,071 volunteer service activities were held and participated by 26,611 young volunteers. 494 "Saturday Voluntary Dedication Day" activities were carried out and participated by young volunteers for 14,428 person-times. 626 partner pairs on a "hand-to-hand", "one-to-one" or "many-to-one" basis were signed. A total of RMB 316,100 was raised for the education of children in poverty and 779 students received the aids. 126 young volunteer service stations and 175 young volunteer teams were set up.



The young volunteers of Ansteel Group organized the volunteer activity of "Dream of Building a Powerful Steel Country - A Journey of Young Volunteers" in the Central Primary School of Huazi Town, Liaoyang.



The young volunteers of Ansteel Group participated in the planning and construction of Zhuoxiu Garden and established the Youth Professional Dedication Team.

Implementation of the Youth Innovation Excellence Program

In 2013, to build up a first-class team of young talents in innovation, Ansteel Group conducted the Youth Innovation Excellence Program to mobilize its young employees to undertake innovation excellence projects for the improvement of technical and economic indicators, improvement of product quality, perfection of safety standards, reduction of cost and consumption, strengthening equipment performance, increase of labor efficiency, etc. In 2013, it conducted 997 innovation excellence projects, established 780 youth innovation teams for tackling key problems and 79 youth innovation alliances, created 49 advanced industrial technical and economic indicators and applied for patents for 84 innovation excellence projects and proprietary technology certification for 64 innovation excellence projects. The Youth Innovation Excellence Program of Ansteel Group was highly praised by the Central Committee of Communist Youth League and the Youth League Committee of Liaoning Province.



Ansteel Group convened the initiation conference of the Youth Innovation Excellence Program.



The leaders of Central Committee of Communist Youth League and the Youth League Committee of Liaoning Province were briefed on the implementation status of the Youth Innovation Excellence Program in grassroots units of Ansteel.



Two young worker representatives of Ansteel Group, on behalf of millions of young workers in the steel industry of China, took part in the special episode themed "Most Beautiful Young Workers" of the "Making Much More Progress Every Day" show presented by Hunan TV.

◀ In the activity of searching for the "Most Beautiful Young Worker" in China conducted by the Central Committee of Communist Youth League, the six young workers recommended and reported by Ansteel Group were all elected as the "Most Beautiful Young Workers" in China's steel industry. Among them, Wan Xuefeng, second-level researcher in the Iron and Steel Research Institute of Ansteel Group stood out from nearly 200 million young workers across the country and was elected as one of the 100 "Most Beautiful Young Workers" of China.

Providing Support for Social Basic Construction

Providing Support for the Construction of Lijiang-Panzhuhua Freeway.

Lijiang-Panzhuhua Freeway is a key project for the promotion of the central status of Panzhuhua-Xichang urban agglomeration and the coordinated and sustainable development of regional economy. During the construction of Lijiang-Panzhuhua Freeway, Pansteel provided its full support with human, material and financial resources. It relocated more than 50 poles, pipes and wires to empty out an area of around 300 mu for the construction of the

freeway. In addition, it set up a special work team to coordinate with the government of Panzhihua for the relocation and resettlement of its employees and resolve the actual difficulties of the relocated households. A total of more than 400 households in the affected residential districts of Pansteel were relocated and resettled.

Providing Support for the Urban Construction of Panzhihua City.

Waterfront Landscape along the Central Section of Jinsha River in Panzhihua City is a project of Panzhihua for the creation of a quality living environment for its citizens and a natural and cultural landscape belt of high grade with scenic spots, leisure venues and commercial facilities. Along a 16-km section of the river, the project will be conducted at both sides with all-round landscaping, greening and lighting works. The relocated projects related to Pansteel include the relocation of titanium pigment plant and Majiatian Tailing Base for environmental protection and pipe branch construction for sanitary waste of Pansteel. To support the local environment improvement, Pansteel has completed the site selection and feasibility research report of the relocation of titanium pigment plant, the site selection of the replacement project for Majiatian Tailing Base and the conceptual design of the pipe branch construction for sanitary waste of Pansteel.

Cooperation between Regional Governments and Enterprises

Cooperation between Ansteel Group and Anshan City

In 2013, Ansteel Group repeatedly made exchange and communication with Anshan City on the development of non-steel industries, mine exploitation, environmental protection, land development, mine and shanty town transformation, etc. to further promote its integration with local enterprises and their common prosperity, and signed strategic cooperation agreements on land development cooperation and environmentally-friendly heating supply for the city with the waste heat of Ansteel.

Cooperation between Ansteel Group and Chengdu City

In 2013, in light with the principles of complementary advantages, reciprocity and common development, Ansteel Group and Chengdu City signed the strategic cooperation agreement on the all-round and multi-level strategic cooperation on Pangang Dahai Industrial Park and other enterprise transformation and upgrading projects. Ansteel Group constructed a modernized iron and steel logistics and comprehensive service system in Chengdu to drive the transformation and upgrading of its commercial model and realize common development with the local economy and society.

Cooperation between Pansteel and Panzhihua City

In 2013, adhering to the concept of integrated development, Pansteel and Panzhihua City established the cooperation mechanism between Pansteel and local government, and repeatedly made communication and exchange with each other on the production, operation and reform status of Pansteel, the difficulties and problems it encountered and matters related to the cooperation. Under the cooperation mechanism, they set up work teams for related cooperation projects, supported each other with their own advantages, strove for practical results, jointly increased their working efficiency and accelerated the cooperation program.



Symposium between the leaders of Ansteel Group and of Anshan City.



Symposium between the leaders of Ansteel Group and of Panzhihua City.

Looking Forward to 2014

In 2014, Ansteel Group will conscientiously carry out the spirit of the 3rd Plenary Session of 18th CPC Central Committee and the Central Economic Working Conference. In accordance with the overall plan and goals proposed at its First Congress of Party Representatives, Ansteel Group will deepen the reform, accelerate its transformation upgrading and management upgrading to win the battle for eliminating losses and increasing efficiency.

Deepening System Reform

In addition to systematic improvement of its system of boards of directors, Ansteel Group will promote the organization and improvement of boards of directors, boards of supervisors and management in regional subsidiaries and non-steel sectors and establish a governance structure with well-defined duties, coordinated operation and effective check and balance. It will give full play to the decisive role of market in resource allocation, integrate business resources of the same type and amass the resources to enterprises with advantages. It will implement the shareholding reform, introduce strategic investors, develop economy with diversified ownership, optimize its ownership structure and promote industrial transformation and upgrading.

Pursuing Perfection in Iron and Steel Industry

By aligning with the economic and technical indicators of advanced enterprises at home and abroad, Ansteel Group will take effective measures to optimize its major economic and technical indicators. It will accelerate the adjustment of product structure, develop high-end, refined, low-carbon and energy efficient products and improve its capacity for value creation with products. It will implement clean production, accelerate the development of ecological civilization and incorporate the green and low-carbon concepts into the whole process of corporate development. It will continue to promote the "Blue Sky Program", develop circular economy, and reinforce the research and promotion of advanced and applicable technologies for energy conservation and emission reduction to accelerate the construction of a resource-saving and environmentally-friendly enterprise.

Enlarging the Resource, and Vanadium and Titanium Industries

Ansteel Group will accelerate the iron mine construction to enhance its control over resources. Ansteel Group will increase its control over overseas resources, search for more quality resources and economic resources, expand its resource trade and improve its profitability. It will also steadily develop the vanadium and titanium industry, expand the scale of vanadium-titanium-iron concentrate, accelerate the construction of key projects in the vanadium industry and improve the added value and profitability of its products. In addition, it will adhere to the principle of "Pursuing Perfection before Expansion" and address the key issues that restrict the development of vanadium industry.

Strengthening Non-steel Industries

Ansteel Group will accelerate the development of financial industry and realize trans-regional centralized management of capital. Ansteel Group will accelerate the development of engineering technology industry, enhance the effective coordination of each link of the industrial chain through shareholding transformation and continue to improve its industrial competitiveness. It will also accelerate the development of IT industry, development of information technology, engineering capacity and industrial capacity and create a strategic emerging industry. In addition, it will accelerate its integrated industry, integrate the business of comprehensive utilization of solid metallurgical wastes and gradually establish an industrialized juridical entity coordinating production, sales and research.

Caring for the Health and life of Employees

In light of the employee-oriented principle, Ansteel Group will take the well-being of employees as the focus and objective of all works, firmly establish the philosophy that human life and security are the top priority, increase its measures in potential danger inspection and elimination and prevent all sorts of accidents from happening. It will also handle concrete affairs, resolve the difficulties and do good things for employees. On the basis of realizing the goal of cost reduction and efficiency improvement, Ansteel Group will strive to raise the salaries of employees. It will continue to promote the aiding and sending warmth activities for the employees in difficulty and make them a common practice.

Appendix I Social Assessment (2013)

Honors and Awards▼	Awarding Departments (Units)▼	Date ▼
Angang Steel Co., Ltd. was honored with the title of "Clean-Production and Environmentally-Friendly Enterprise" by China Iron and Steel Association.	China Iron & Steel Association	January 2013
Angang Steel Co., Ltd and Pangang Vanadium Company were included into the 1 st list of steel enterprises compliant with the <i>Normality Conditions of Iron and Steel Industry</i> .	Ministry of Industry and Information Technology of People's Republic of China	May 2013
At the 4 th Annual Trucking Conference of China, Ansteel Automobile Transportation Company was honored with the title of 2013 Benchmarking Enterprise in Green Freight Transport of China.	Organizing Committee of Annual Trucking Conference of China	June 2013
Ansteel Group was listed among the Fortune Global 500 by the U.S. Fortune magazine and ranked No.493.	U.S. Fortune Magazine	July 2013
Zhang Xiaogang, President of Ansteel Group was elected as new President of ISO for a term from 2015 to 2017.	International Organization for Standardization (ISO)	September 2013
The <i>Research and Application of the Slope Stability and Control Technology of Large and Deep Open-Pit Mine</i> and the <i>New-Generation TMCP Technology of Hot-Rolled Band Steel and Its Application</i> of Ansteel Group won the first prize of Metallurgical Science and Technology Awards.	China Iron & Steel Association and the Chinese Society for Metals	September 2013
Pangang Group Titanium Industry Co., Ltd. was honored with the first "Panzhuhua Government Quality Award".	Panzhuhua Municipal People's Government	September 2013
Two product series of Pansteel, i.e. 43-75kg/m steel rail and 60kg/m high-speed steel rail, received the Physical Quality "Golden Cup Award" for Metallurgical Products in 2013.	China Iron & Steel Association	October 2013
At the Energy-conservation, Consumption Reduction and Benchmarking Competition of National Key Large-Scale Energy-Consuming Steel-Making Equipment, the No.1 converter of the subsidiary of Angang Steel Co., Ltd. in Bayuquan won the title of "Champion Furnace" and the new No.1 blast furnace of Angang Steel Co., Ltd. won the title of "Superior Furnace".	China Mechanical Metallurgy Building Materials Trade Union and China Iron & Steel Association	November 2013
At the 12 th National Games, Anshan Iron and Steel was honored with the title of "National Model Unit in Mass Sports".	General Administration of Sports of China	November 2013
At the iENA Nürnberg International Invention Exhibition, Ansteel Group won the green environment protection prize with "Manufacturing Method and Application of Converter Coolant with Metallurgical Waste As Its Raw Material", as well as 2 gold prizes and 4 silver prizes.	World Invention Intellectual Property Associations	November 2013

Honors and Awards▼	Awarding Departments (Units)▼	Date▼
The project of "the R&D and Application of Divisional and Automatic Purging Devices for Cold-Rolling Machine Latex" of Ansteel Group won the Second Prize of State Scientific and Technological Progress Award.	The State Council	February 2014
Pangang Group Jiangyou Changcheng Special Steel Co., Ltd. was honored with the title of Enterprise "Honoring Contracts and Valuing Credibility" by State Administration for Industry and Commerce.	State Administration for Industry and Commerce	December 2013
Ansteel Group's social responsibility practice case entitled <i>Green Steelmaking and Green Development</i> was selected as an excellent social responsibility practice case of state-owned enterprises in 2013.	The State-Owned Assets Supervision and Administration Commission of the State Council	December 2013
Ansteel Group's two patented inventions, i.e. "the Quantitative Test and Analysis Method of the Texture of a Cubic Material" and "A Clean Production Method of Vanadium Oxide", won the 15 th China Outstanding Patent Award.	State Intellectual Property Office	January 2014
The Wire Rod Factory of Angang Steel Co., Ltd. and Angang Metal Structure Co., Ltd. were honored with the title of Customer Satisfaction Enterprise in Liaoning Province. The cold-rolled sheets for automobile manufactured by the Cold Rolling Factory of Angang Steel Co., Ltd. were honored with the title of Customer Satisfaction Product in Liaoning Province.	Quality Association of Liaoning Province and User Committee of Liaoning Province	January 2014
Zhang Xiaogang, President of Ansteel Group, was elected as one Quality Person of the Year at the event of 2013 Quality Light.	China Quality Daily	January 2014
Ansteel Group Mining Company was honored with the title of the "Most Influential Enterprise in China in 2013".	China Enterprise Confederation and China Enterprise Directors Association	January 2014
<i>Technical Innovation and Management of Large Iron Core Enterprises Based on the "Integration of Five Grades"</i> of Ansteel Group was awarded with the first prize of the 20th National Innovation Achievements of Enterprise Management Modernization and its <i>Cost Reduction and Efficiency Improvement Management of Iron Making Enterprises in the Face of a Tough Market</i> was awarded with the second prize of the 20 th National Innovation Achievements of Enterprise Management Modernization.	Examining and Approving Committee for National Innovation Achievements of Enterprise Management Modernization	March 2014
Ansteel Group won the "Golden Bee Enterprise" title at the 9th Golden Bee CSR China Honor Roll in 2013.	China WTO Tribune of the Ministry of Commerce	May 2014
At the Commendation Meeting of the 3 rd Grand Prize for China Industry, Ansteel Group's project of Comprehensive Utilization of Metallurgical Slag Resources won the Honorable Prize of Grand Prize for China Industry and the capacity expansion and transformation project of Pangang's Titanium Processing Factory won Nomination Prize of Grand Prize for China Industry.	12 federations including China Federation of Industrial Economies	May 2014

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Appendix III Feedback Form

Dear Readers:

This is a report on sustainable development released to the society by Ansteel Group Corporation. We would like to seek your opinions and suggestions so as to help us make an improvement in our fulfillment of social responsibility and achieve sustainable development. We would highly appreciate it if you could spare time to share your thoughts with us over the following issues:

1. Do you think this report reflects the significant impact Ansteel Group Corporation has exerted on economy, society and environment?

☐ Yes ☐ Fairly ☐ No

2. Does this report make an exact and comprehensive analysis of the relationship between Ansteel Group Corporation and the interested parties?

☐ Yes ☐ Fairly ☐ No

3. Are the information, data and indexes disclosed in this report clear, accurate and complete?

☐ Yes ☐ Fairly ☐ No

4. Are the content layout and format design in this report helpful to your reading?

☐ Yes ☐ Fairly ☐ No

5. What makes the most satisfactory part of this report?

6. Is there any necessary information omitted in this report?

7. What are your opinions about our reports on sustainable development to be released in the future?

Thank you for your warm support!

Ansteel Group Corporation

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