



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

2015 ANSTEEL GROUP CORPORATION Sustainability Report



**2015** ANSTEEL GROUP CORPORATION  
Sustainability Report

# ABOUT THE REPORT

## Dear readers,

This is the ninth annual Sustainability Report of Ansteel Group Corporation. According to feedback and suggestions from various channels, we disclose comprehensively in this report our social responsibility practices, including business operation, products and services, environmental protection, employee care and community construction.

## Reporting Period

The report discloses information dated between January 1, 2015 and December 31, 2015. Some parts of the report may retrospect to other years, as appropriate.

## Report Boundary

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 sectors and directly affiliated entities.

## Report Cycle

The report is published annually.

## Reference Standards

*GB/T36001-2015, Guidance on Social Responsibility Reporting* issued by Standardization Administration of the General Administration of Quality Supervision, Inspection and Quarantine

*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 Report Guidelines (G4)* issued by Global Reporting Initiative (GRI)

*Guidance on Social Responsibility ISO 26000: 2010* issued by International Organization for Standardization (ISO)

*Guidelines for Fulfilling Social Responsibility by Chinese Industrial Enterprises and Industrial Associations (GSRI-CHINA 2.0)* issued by China Federation of Industrial Economics

*China Corporate Social Responsibility Reporting Guidelines (CASS-CSR3.0)* issued by Chinese Academy of Social Sciences (CASS)

## Report Guarantee

The financial data included in the report conform to *Accounting Standards for Enterprises* and relevant accounting systems issued by the authority and have been audited in accordance with *Internal Audit Standards of China*, thus indicating the financial indicators and operational conditions 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.

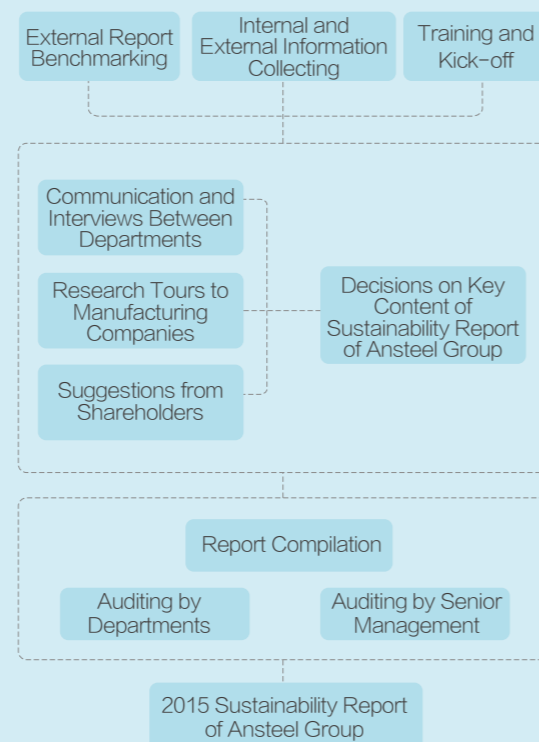
## Access to the Report

The report is released in printed and online versions. The online version is available on the official website of Ansteel Group Corporation (<http://www.ansteel.cn>).

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The compilation procedure of the Sustainability Report of Ansteel Group



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# LEADERSHIP'S MESSAGE



**Tang Fuping**  
Chairman, Secretary of CPC Committee

For companies, fulfilling social responsibilities is not only the expectation and demand of the country and the society, but also an intrinsic need to achieve sustainable development. Companies can only live in harmony with the society and acquire greater space for sustainable development if they actively fulfill social responsibilities. Ansteel Group has always highlighted social responsibilities, and strived to become a model company in operating according to law and cherishing honesty and trustworthiness, saving resources and protecting environment, centering on humans and building harmonious company, and thus promoting the sustainable development of the enterprise, the society and the environment.

In 2015, although facing the dual challenges of continuous drops in prices of steel products and ore, Ansteel Group still proactively insisted on regarding reform and innovation as our driving force, green development as our direction, and harmonious co-sharing as our goal. We united as one, made solid efforts, worked together to tackle tough issues, while continuously enhancing our capacity and level of fulfilling social responsibilities, and proactively making contributions to the sustainable development of the economic society.

**We continued to deepen company reform, and stimulated internal development motivation.** Not only formulated the *Implementation Plan of Deepening Reform*, we also established the Leading Group as well as 10 project-promoting groups to steadily facilitate the implementation of 52 reform projects. We improved our corporate governance structure, strengthened the Board of Directors construction of subsidiaries and the non-steel sectors and launched the pilot project of building the board of directors in Ansteel Group General Industrial Development Co., Ltd. We promoted streamlining administration and decentralization, and improved the differentiated control mode, authorization system and performance appraisal system in subsidiaries. We vigorously deepened reforms in unprofitable companies, closed down several production lines in PCG, implemented a reform of Seamless Steel Factory's contract operation system, and accelerated the exit of Putian Cold-rolled Sheet Company capacity and the equity transfer of Tiantie Cold-rolled Sheet Company. We continuously deepened three institutional reforms, and gradually improved mechanisms that ensure fair promotion, flexible employment and reasonable income. We accelerated in

solving problems left over by history, strived for support from national policies and financial assistance, and steadily reformed corporate affiliated collective entities. Moreover, we facilitated "three supplies and one business" transfer, shantytown areas reconstruction and socialized management of retirees.

**We facilitated technological innovation, and enhanced our capacity in innovation and efficiency.** We established a Scientific and Technological Innovation Evaluation Index System, and enhanced the construction of the innovation platform. The State Key Laboratory for Marine Equipment's Metallic Materials and Applications was located in Ansteel Group made us to be the only Chinese steel enterprise equipped with two State Key Laboratories. We have established 103 innovation studios, and formed an initial innovation system composed of four sectors, namely, research and development, engineering integration, continuous improvement, and independent innovation. We actively promoted state key programs and the group's key programs in tackling critical problems. Our corrosion resisting steel plate had broken the international technical barrier, and our two other achievements won first prize in Metallurgical Science and Technology Awards. Ansteel Group ranked the 1st among steel enterprises for 1,817 national level patents, 1,111 of which were patents of invention, and four invention patents won the 17th China Patent Excellence Award. On the 21st National Invention Expo, Ansteel Group obtained 16 gold awards, 15 silver awards and 23 bronze awards. Mr. Shao Anlin became the first Academician of Chinese Academy of Engineering cultivated by Ansteel Group.

**We practiced the green development concept while scaling up efforts in improving the environment.** We have strictly abided by new *Environmental Protection Law* and the new pollutant discharge standards of the steel industry. We comprehensively examined the current situation, emission index and monitoring data of existing environmental protection equipment, and highlighted the responsibility of reaching the environmental protection standards. Apart from upgrading and adjusting projects to better prevent and control risks, we underlined the principles in environmental protection equipment's operation and maintenance, production or-

ganization management and operation standards, and project implementation, including improving the equipment after overhauling and pursuing a simultaneous development in economic, urban and environmental construction. Anshan Iron and Steel made working plans and followed up the progress of responsible departments, and promoted the "Blue Sky" project step by step. Pansteel innovated in the desulphurization governance mechanism, and introduced a third party to take charge of desulphurization through market means. The successful experience of Pansteel in using sintering machines to improve desulphurization governance results is widely publicized by the state media.

The year 2016 is the first year of the 13th Five-year Plan, and also a critical year for Ansteel Group to reform, survive, transform and develop. We are in a difficult situation and face arduous tasks. Therefore, we must pay more efforts. Under the guidance of Five Development Concepts, Ansteel Group will accelerate its implementation of Six Establishments. With confidence and determination, composure and resilience, we will make efforts with a will of sacrifice; we will keep forging ahead with a spirit of reform and innovation. We will strive to meet the annual production and operation objectives and continuously enhance our sustainable development capacity. And we will adhere to the sustainable development concept, proactively fulfill social responsibilities, and make new contributions to the sustained and healthy development of the economy and the society!

张福平





# This Is Ansteel Group

To build an iron and steel powerful country and to bring benefits to the society

## Ansteel Group is

- The biggest steel rail producer in China. Where there is a railway, there are steel rails of Ansteel.
- The biggest ship steel plate producer and the only producer with a complete range of hull steel in China.

- One of the top 2 producer for advanced automotive steel plate and home appliance steel. Ansteel Group leads the development of the 2nd generation automotive steel and owns the supply capability for vehicle in China.
- Domestic seamless pipe producer with the most complete product portfolio. Ansteel Group is the leading enterprise in high-grade pipeline steel manufacturing. The products of Ansteel Group have been widely applied in pivotal projects in China such as the West-to-East Natural Gas Transmission Project.
- The global leading producer with nuclear power steel technology and products, and the exclusive steel supplier for containment vessels top head of the first 3rd generation CAP1400 Nuclear Reactor Project in the world.
- China's largest vanadium producer. Titanium products of Ansteel Group assisted the Shenzhou spacecraft traveling in the space. The bathyscaphe made by Titanium alloy of Ansteel Group can dive at most 7,000 meters into the ocean.

# BUILD TO LAST HUNDRED-YEAR ANSTEEL

**Anshan Iron and Steel Group Corporation** was established in 1916. It is the first large-sized steel conglomerate and the earliest steel production base created after new China was founded. Therefore, it was known as the "Cradle of China's Steel Industry" and the "Eldest Son of the Steel Industry of the Republic".

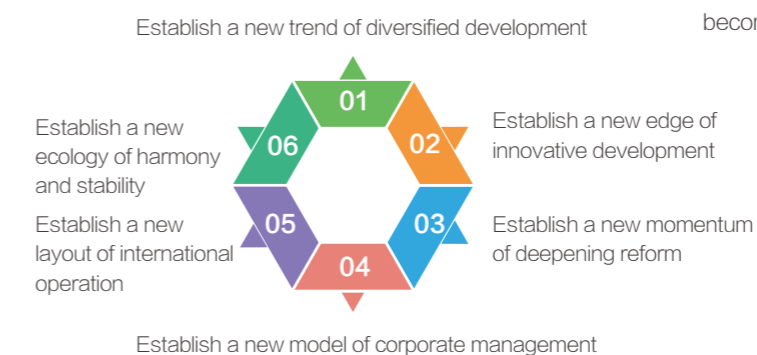
**Panzhuhua Iron and Steel Group Co., Ltd.** is the world's largest vanadium producer, China's largest titanium raw material production base with the full industrial chain and an important production base for railway steel, home appliance steel, seamless steel pipe and special steel.

**Ansteel Group Corporation** (hereinafter as "Ansteel Group" or "Ansteel") was founded in May 2010 through the combination of the Anshan Iron and Steel and Pansteel. Headquartered in Anshan City, Liaoning Province, Ansteel Group is a state-owned enterprise administered by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC). After the restructuring, Ansteel Group formed a cross-regional, and internationalized operation layout, and become a steel enterprise with the greatest resource advantages in China. Ansteel Group has been listed among the Fortune (Global) 500 for four consecutive years. In 2015, Ansteel Group owned 159,630 employees and realized operating revenue of 129.708 billion RMB.

Ansteel Group owns complete sets of advanced steel manufacturing facilities for mining, beneficiation, sintering, fritting, iron-making, steel-making, steel rolling as well as coking, refractory, power and transportation, etc. The group boasts the capability for mining, iron and steel technology and output management. Ansteel Group has steel production bases in regions such as Northeast China, Southwest China, Southeast China and South China, and marketing service system at home and abroad. Ansteel Group has 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, swage, building and stainless steel, etc.; vanadium series like vanadium-nitrogen alloy, vanadium trioxide, and high vanadium iron, as well as titanium series like high-titanium slag, titanium pigment, titanium sponge, and other titanium materials. Ansteel products have been widely applied in dozens of industries such as railway, construction, automobile, machinery, shipbuilding, home appliance, container, petroleum & petrochemical and aerospace engineering, which satisfy the domestic needs and cover over 70 nations and areas across the world.

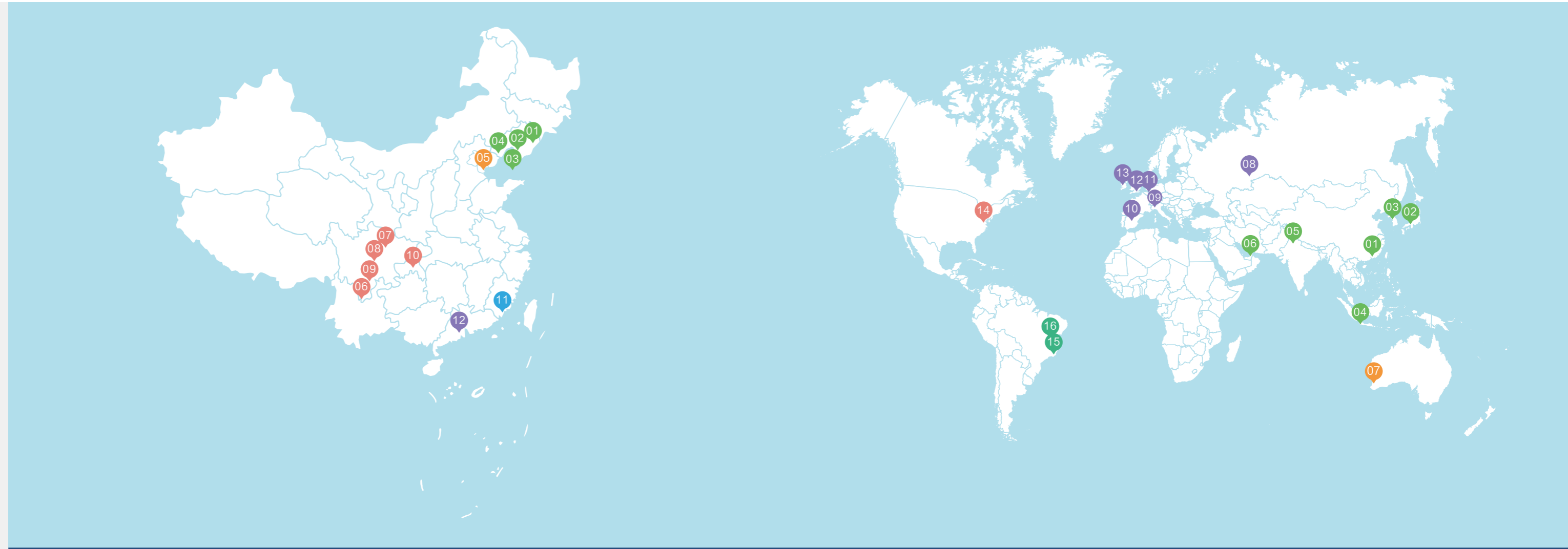
In the future, Ansteel will deepen corporate reform, accelerate transformation and upgrading, focus on the "Six Establishments", endeavor to build a multinational steel group with the most international competitive and become a "bellwether" in the Chinese steel industry.

## Connotations of "Six Establishments" ▾



Index	Unit	2011	2012	2013	2014	2015
Total Operating Revenue	100 million RMB	1,557.36	1,488.25	1,551.28	1,615.10	<b>1,297.08</b>
Main Business Revenue	100 million RMB	1,518.79	1,395.90	1,430.51	1,543.51	<b>1,229.76</b>
Gross Profits	100 million RMB	1.88	-115.04	-52.28	-104.28	<b>-107.48</b>
Accrued Tax	100 million RMB	99.8	89.3	96.4	96.5	<b>79.41</b>
Iron Production	10,000 Tons	3,052.45	3,132.57	3,501.65	3,510.72	<b>3,233.18</b>
Crude Steel Production	10,000 Tons	2,975.04	3,024.24	3,368.68	3,434.80	<b>3,250.24</b>
High-Vanadium Iron Production	10,000 Tons	2.57	2.25	2.24	3.77	<b>3.10</b>
Titanium Pigment Production	10,000 Tons	5.99	9.58	7.72	8.41	<b>9.98</b>

# INDUSTRIAL LAYOUT OF ANSTEEL



## Northeast China

Company Name	Location
Anshan Iron & Steel Group Corporation	01 Anshan
Angang Steel Co.,Ltd.Bayuquan Steel Branch	02 Bayuquan
ANSC-TKS Galvanizing Co., Ltd.	03 Dalian
Ansteel Group Chaoyang Iron & Steel Co., Ltd.	04 Chaoyang

## North China

Company Name	Location
Tianjin Ansteel Tiantie Cold-rolled Sheet Co., Ltd.	05 Tianjin

## Southwest China

Company Name	Location
Panzhuhua Iron & Steel Group Co., Ltd.	06 Panzhihua
Pansteel Group Jiangyou Changcheng Special Steel Co., Ltd.	07 Jiangyou
Pansteel Group Chengdu Steel & Vanadium Co., Ltd.	08 Chengdu
Pansteel Group Xichang Steel & Vanadium Co., Ltd.	09 Xichang
Chongqing Titanium Industry Co., Ltd.	10 Chongqing
Ansteel ThyssenKrupp (Chongqing) Auto Steel Co., Ltd.	

## Southeast China

Company Name	Location
Ansteel Cold-rolled Sheet (Putian) Co., Ltd.	11 Fujian

## South China

Company Name	Location
Ansteel Lianzhong Steel Corporation	12 Guangzhou

## Location

Company Name	Location
Angang Group International Trade Corporation Pan Kong Company Limited	01 Hongkong, China
Angang Group Hong Kong (Holdings) Limited	
Ansteel Hong Kong International Investment Limited	
An Steel International Co., Limited	
China Niobium Investment Holdings Limited	
Angang Group Japan Co.,Limited	02 Osaka, Japan
Angang Group Korea Co.,Ltd	03 Seoul, South Korea
PT Glory Fortune Trading And Investment	04 Jakarta, Indonesia
Angang India Steel Pvt. Ltd.	05 New Delhi, India
Ansteel Middle East FZE	06 Dubai, UAE
Ansteel Australia Pty Ltd	07 Perth, Australia
Karara Mining Limited	
Angang Group Investment (Australia) Pty Ltd.	
Gindalbie Metals Ltd	
AKZY Australia Pty Ltd	

## Location

Company Name	Location
Ansteel Construction Group Russian Ltd	08 Chelyabinskaya Oblast, Russia
Ansteel Vigano Srl	09 Lecco, Italy
Ansteel Spain S.L.	10 Madrid, Spain
Ansteel Europe GmbH	11 Dusseldorf, Germany
Pangang Europe GmbH	
Ansteel Holdings (UK) Limited	12 London, UK
USS Ltd	13 Halesowen, UK
Angang America,Inc.	14 New Jersey, USA
Ansteel Do Brazil Acos LTDA	15 Rio de Janeiro, Brazil
CBMM	16 Minas Gerais, Brazil



# CORPORATE GOVERNANCE

Ansteel Group strictly abides by national laws and regulations such as the *Company Law of the People's Republic of China* and the *Law of the People's Republic of China on the State-Owned Assets of Enterprises*. It continues to improve its corporate governance structure and gradually forms an operating mechanism featuring distinctive responsibilities, well-defined functions and coordinated operation among decision-making, supervision and management powers.

In 2015, Ansteel Group strengthened corporate governance in the following aspects, emphasized the board construction for subsidiaries and diversified sectors, and launched the pilot project of directorate construction for Ansteel Comprehensive Industrial Development Corporation.

- Promoted the normal and efficient operation of the directorate.
- Enhanced the implementation of decisions made by the directorate.
- Promoted the construction of the directorate of diversified sectors.
- Enhanced performance evaluation and remuneration management of the managerial level.

In 2015, the Board of Directors of Ansteel Group convened 11 meetings and reviewed 32 proposals; the Specialized Committees of the Board of Directors convened 5 meetings and reviewed 8 proposals.

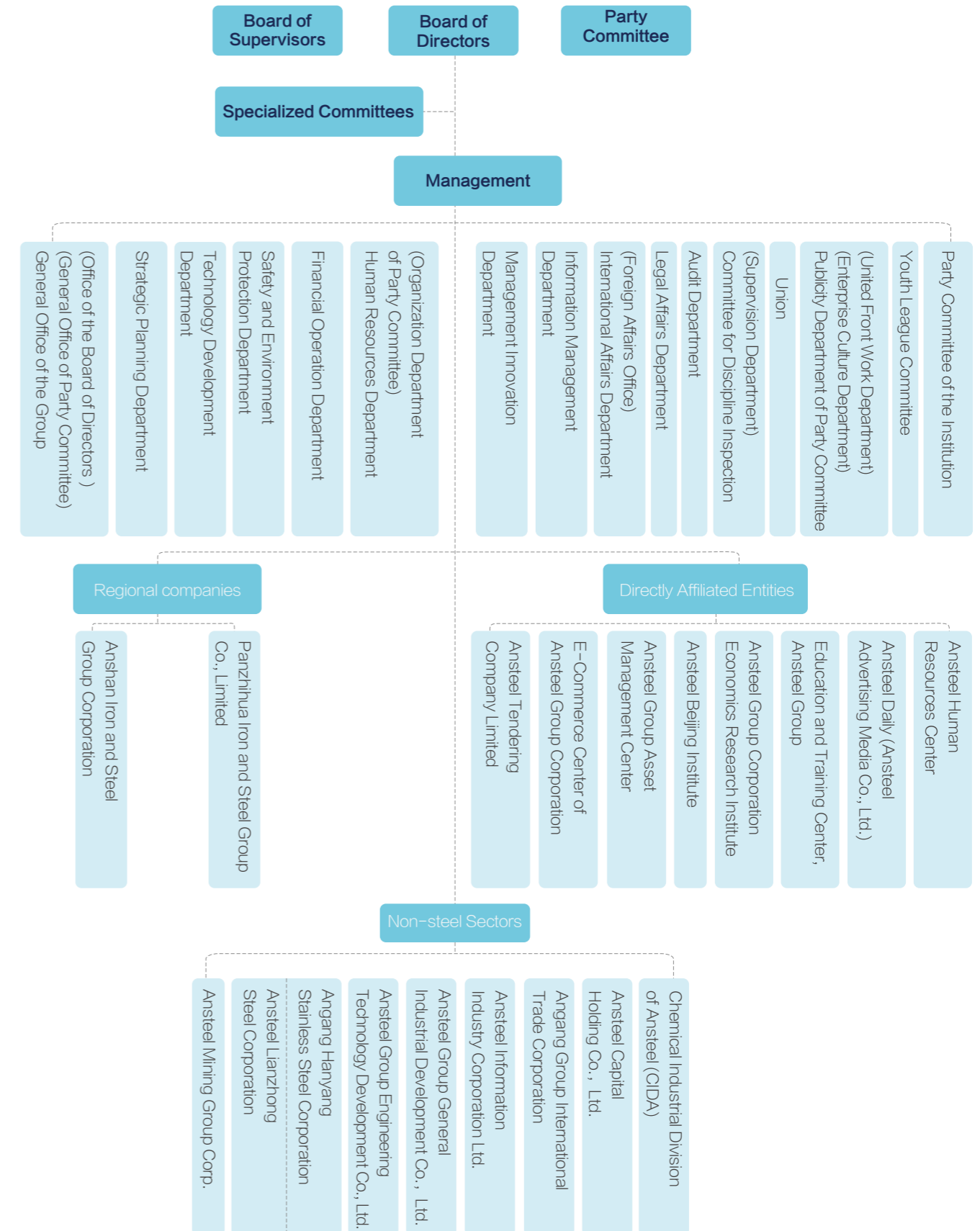
## Board of Directors (May, 2016)



## Senior Managers (May, 2016)



# ORGANIZATION STRUCTURE





# CULTURE BUILDING



Ansteelers have integrated corporate development goals and personal pursuits into the great cause of constructing a strong steel nation, and cultivated Ansteel culture with characteristics dominated by "Innovation, Practicality, Striving and Devotion", guiding the development of Ansteel Group.

## Constructing cultural system

Ansteel Group initiated the enterprise cultural construction project, which centered on the establishment of Ansteel cultural system. We set up a leader group on Ansteel cultural system construction and formulated *the corporate cultural construction plan and Ansteel Cultural Chapters (The Draft for Suggestions)*.



### Cultural ceremonies enhanced the sense of belonging of employees

Through serious and regulatory ceremonies of employment and retirement, Ansteel Group motivated the sense of belonging, pride, responsibility of employees. In 2015, 30 subsidiaries and branches held 42 ceremonies of retirement for a total of 2,193 retired employees while 26 subsidiaries and branches held ceremonies of employment for a total of 267 employees.



#### Measures of cultural construction

- 01 Constructing cultural system
- 02 Enhancing brand construction
- 03 Strengthening the construction of cultural bases
- 04 Inheriting the elite culture
- 05 Launching cultural products

## Enhancing brand construction

Drawing on various channels, Ansteel Group communicated with shareholders. We released *the Guidance and Suggestion on Brand Building*, analyzed the status quo of brand construction, and proposed the guidance and suggestion on brand construction work, building a responsible brand image. In 2015, the Ansteel reporting team of *CHINA METAL LURGY NEWSPAPER* was honored as outstanding reporter station. We participated in the paper selection of "the 9th 100-people Chinese Enterprise Culture Symposium" and was honored with the the award for outstanding achievement.

- Launched the official WeChat account — Cradle of Ansteel. With over 12,000 subscribers, Ansteel WeChat account pushed over 500 messages in 2015 and received more than 610,000 times of reading.
- Annually published 1,020 essays on news media at the provincial level and above.
- Participated in exhibitions such as West Automobile Steel Expo, the 14th China International Metallurgical Industry Expo, the 18th CCISF (China Chongqing International Investment and Global Sourcing Fair), METEC, and Russia Metallurgy Expo.

## Strengthening the construction of cultural bases

Since the opening, Ansteel Group Exhibition Hall has been dedicated to displaying the splendid history and outstanding enterprise culture of Ansteel Group. The display room enhanced the function development, organized a few cultural trainings and held several themed exhibitions. Thus, it was recommended as a classical route for national red tourism and awarded the honors such as the educational base in Liaoning Province and the patriotism educational base in Anshan City. In 2015, Ansteel Group Exhibition Hall received a total of over 40 thousand people including Ansteel employees and visitors from all walks of life.





## Inheriting the elite culture

As the only enterprise representative, Ansteel Group participated in the symposium on enhancing the publicity of advanced personnel held by Publicity Department of the CPC Central Committee and made a speech. During the symposium, our typical work experience was included in the training course of Publicity Department of the CPC Central Committee in 2015. Ansteel Group role model culture was promoted across the nation thanks to *Guide the trend of the era with innovation and creation -comment on Ansteel heroes and role models spirits*—the exclusive essay on Ansteel labor models by Xinhua News Agency. In 2015, Ansteel Group was honored as the Role Model for Enterprise Cultural Construction during the 12th Five-year Plan by China Research Institute of Enterprise Culture.

### Renowned role models of Ansteel Group



### "Role model of the time" — Li Chao

In January 2015, Li Chao, a frontline worker of Ansteel Group, was honored as the role model of the time by Publicity Department of the CPC, becoming the first one to attain this prize in Liaoning Province. He is the representative of technical, knowledgeable and innovative workers in the new era.

Li Chao was initially a bench worker in the maintenance workshop. With years of effort, he became a technical master of facility operation maintenance and the master who guided work on the first global technological improvement project. During these years, Li Chao has developed 5 China Invention Patents and 4 Proprietary Technologies, realizing the income increment of about 100 million RMB. The project of research and development and application of automatic purging device for emulsion of cold-rolling mill led by Li Chao won the second prize for National Science & Technology Progress Award in 2013. In 2014, he was honored as Contemporary Inventor in the 8th award presentation ceremony for invention and entrepreneurship held by China Inventors Association.

In order to better stimulate employees' potential and play the exemplary role of leader in innovation, we set up Li Chao Innovation Studio in 2014. By the end of 2015, with 28 members, the workshop has completed 174 projects, obtained 10 patents and 13 pieces of proprietary technology, and created more than 20 million RMB.

*It is not only scientists that can innovate. With much effort, industrial workers can also make a breakthrough in Made in China. The source of innovation lies in problem identification. The frontline position gives me the best opportunity to make it.*

—Li Chao, Director and Deputy secretary of party branch, Facility Operation Department of the 4th Production Line of Cold Rolling Mill of Angang Steel Co., Ltd.



## Launching a series of cultural products

In 2015, we produced the TV documentary *Fight against the Cold Winter in 2015*, and edited and published a story collection and case selection. Moreover, Ansteel Group Exhibition Hall launched a series of souvenirs with Ansteel characteristics and culture and rationally created a series of cultural products.

9 research projects of Ansteel Group were awarded the outstanding achievement award for ideological and political work of Party construction of central enterprises, 9 research results awarded the outstanding achieve-

ment prize by The Metallurgical Enterprises Political Work Association of China. Anshan Iron and Steel and Pansteel won the honorary title of the 4th National Civilized Unit, Angang Steel Co., Ltd. Coking General Plant and Ansteel Mining Group Corp. Qidashan Iron Mine won the honorary title of the Civilized Units in Liaoning Province.

# SUSTAINABLE DEVELOPMENT MANAGEMENT

As the key central enterprise supervised by State-owned Assets Supervision and Administration Commission of the State Council, Ansteel Group has taken into account the industrial characteristics and its own characteristics and social responsibility, centered on sustainability improvement, and pursued the maximization of the comprehensive value of economy, society and environment, promoting the sustainable development of

Ansteel and its shareholders. We have established the social responsibility organization system and formulated *Regulation on Social Responsibility Management of Ansteel Group Corporation*. Sustainability reports of Ansteel Group, which cover aspects such as social responsibility fulfillment and sustainability achievement, have been regularly released to the public.

# SUSTAINABLE DEVELOPMENT CONCEPT SYSTEM

**Core values:** To build an iron and steel powerful country and to bring benefits to the society

**Mission:** To regard building an iron and steel powerful country as our own responsibility, and to create value for customers, staff, shareholders and the society

**Spirits:** Innovation, Practicality, Striving and Devotion

**Business concept:** To repay high-quality products to customers and achieve a win-win result with good faith

**Environmental protection concept:** Green production and green Ansteel

**Management concept:** People orientation, pursuit of excellence, strict standards and strict execution

**Safety concept:** The greatest value is life, the highest responsibility is safety, system is the guarantee of safety and execution is the key to safety

**Staff code of ethics:** Dedication and race to the top



# SUSTAINABLE DEVELOPMENT STRATEGY

## Guiding principles of corporate development

Thoroughly implement the spirit of the 18th CPC National Congress, the Third and Fourth Plenary Sessions of the 18th CPC Central Committee, emancipate the mind, change the old mindset, follow "six development concepts", adapt to the economic "new normal", plan future development with a global view, accelerate transformation and upgrading, and build the iron and steel backbone of the nation; deepen corporate reform, strengthen technology innovation, readjust industry and product structures, develop core competitiveness, build a resource-conserving and environmental-friendly enterprise, and develop an upgraded version of Ansteel Group's economy.

## Sustainable development strategy

Highlight "One Major Line", that is practicing "six development concepts", with the aim to accelerate transformation and upgrading, and developing an upgraded economy of Ansteel Group.

Through the implementation of "Six Development Strategies" (to strengthen quality steel industry, to sharpen resource edge, to build up extraordinary powerful vanadium and titanium industry, to enlarge non-steel sectors, to focus on technical innovation and to expand transnational operation), we focus on the adjustment of industry structure and industry layout, strictly implement the integrated strategy of closing down, suspending operation, merging with others or shifting to a different line of production and creating new profit growth points. We promote the overseas and coastal transfer of steel capacity, optimize industry structure and promote overseas industrial layout and integration of domestic steel bases. Through enhancing the non-steel sectors development and the comprehensive competitiveness of the company, we aim to win the "Two Main Battles" of eliminating losses and increasing profitability and of transformation and upgrading.

## Development Goals: Goal of "Transcending Development" in two major phases

By 2017, with the comprehensive improvement of subsidiaries' competitiveness, Ansteel Group will turn from profit-losing to profit-making across the board, with its iron & steel business ranking among the top in the industry. With the coordinated development of multiple businesses, greatly enhanced capabilities of value creation and technology innovation, and significantly improved economic value added (EVA), Ansteel Group will grow into a highly-competitive multinational iron &

steel conglomerate.

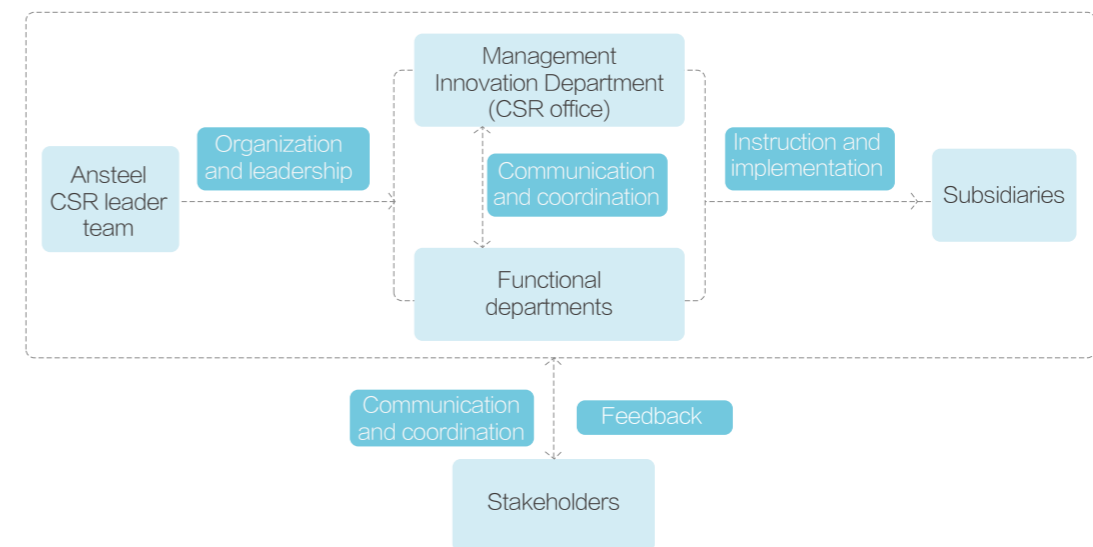
By 2020, Ansteel Group will reap an upgraded economy, with its scale doubling itself compared with the year of 2012. Ansteel Group, with strong competitiveness, technology innovation capabilities, improved products, increased profit margin, sophisticated management model and greatly enhanced corporate qualities, will become a green manufacturer and provider of excellent services and stand out among Fortune 500 companies.

## The draft of the Social Responsibility Planning during 13th Five-year Plan

Responding to requirements of SASAC, Ansteel Group has conducted the preliminary work on social responsibility planning during the 13th Five-year Plan. We intend to carry out related work on social responsibility management, social responsibility capability building, shareholders management, integration of social responsibility work, social responsibility information disclosure, and social responsibility performance management during the 13th Five-year.

# SUSTAINABLE DEVELOPMENT MANAGEMENT SYSTEM

Ansteel Group has established a sound social responsibility organization system. From headquarters to subsidiaries, from management to implementation, Ansteel has systematically sorted out work procedure and improved the CSR management organization system. Moreover, it has specified the responsibilities of senior management, departments and employees and realized the scientific, systematical and standardized management of social responsibility.



# CSR MANAGEMENT PROMOTION

## Research and communication

Management Innovation Department regularly communicates with other departments and subsidiaries to learn their CSR practices and spread CSR information.

In July 2015, Ansteel Group participated in the 2015 CSR Reporting Press for Chinese Industrial Companies & the 2nd Honor Listing Press for Chinese Industrial Companies held by CFIE (China Federation of Industrial Economics) and released the sustainability report of the year.

In November 2015, Ansteel Group attended the CSR Work Conference for SASAC Central SOEs and communicated with its counterparts about CSR work performance and experience.

## CSR training

In December 2015, Ansteel Group invited experts from Ministry of Environmental Protection to carry out training on biological diversity.

In December 2015, Ansteel Group held training on corporate social responsibility. Every functional department and

every CSR liaison were invited to attend the lecture on CSR by GoldenBee (Beijing) Management Consulting Co., Ltd. The lecture covers Guidance on Social Responsibility GB/T 36000 and CSR competitiveness Cases, etc.



# STAKEHOLDERS ENGAGEMENT

Faced with challenges in development, environment and resource, Ansteel Group has constantly enhanced communication with stakeholders and worked out resolutions with clients and other cooperation partners.

Stakeholders	Expectations and Requirements	Means of Communication	Our Response
<b>Governments</b>	<ul style="list-style-type: none"> <li>Promote employment</li> <li>Pay taxes according to law</li> <li>Compliance management</li> <li>Promote local economic development</li> </ul>	<ul style="list-style-type: none"> <li>High level meetings</li> <li>Meet of exchange</li> <li>Information submission</li> <li>Attend meetings</li> <li>Consultation and full-time liaison organization between the corporation and the local government</li> </ul>	<ul style="list-style-type: none"> <li>Provide jobs</li> <li>Pay taxes</li> <li>Operate according to laws and regulations</li> <li>Promote the development of local industries</li> <li>Improve local infrastructure</li> </ul>
<b>SASAC, Shareholders</b>	<ul style="list-style-type: none"> <li>Maintain and increase the value of assets</li> <li>Improve the profitability of the enterprise</li> <li>Improve the rate of return of investment projects</li> <li>Safe production</li> </ul>	<ul style="list-style-type: none"> <li>Special report</li> <li>Information submission</li> <li>Management performance assessment</li> <li>Company announcement</li> </ul>	<ul style="list-style-type: none"> <li>Deepen reform</li> <li>Reduce costs and increase profits</li> <li>Informatization</li> <li>Improve technological innovation capability</li> <li>Protect shareholders' equity</li> <li>Strengthen safe production management</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Salary and welfare guarantee</li> <li>Democratic management</li> <li>Common development</li> <li>Humanistic care</li> <li>Occupational health</li> </ul>	<ul style="list-style-type: none"> <li>Workers' congress</li> <li>Disclosure of corporate affairs</li> <li>Complaint mailbox</li> <li>Rationalization proposal</li> <li>Symposium</li> <li>Communication through the internet</li> </ul>	<ul style="list-style-type: none"> <li>Provide competitive salaries</li> <li>Establish career development path</li> <li>Offer training and education</li> <li>Care for the employees</li> <li>Provide protective instrument and infrastructure</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Abide by commitments</li> <li>Provide good-quality products and services at a reasonable price</li> <li>Improve capability for customized services</li> <li>Open communication channels</li> </ul>	<ul style="list-style-type: none"> <li>EVI system</li> <li>Daily contact with sales representatives</li> <li>Exhibition</li> <li>Client meeting</li> <li>Regular visits</li> <li>Opinion solicitation</li> </ul>	<ul style="list-style-type: none"> <li>Pay attention to customer needs</li> <li>Improve the quality of products and services</li> <li>Provide high-quality customized services</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>Save energy and reduce emissions</li> <li>Conserve resources</li> <li>Cope with climate change</li> <li>Protect ecological environment</li> </ul>	<ul style="list-style-type: none"> <li>Manage environment</li> <li>Make rational use of resources</li> <li>Implement energy-saving and emission-reduction</li> <li>Strengthen ecological construction</li> </ul>	<ul style="list-style-type: none"> <li>Conduct energy and water resources management</li> <li>Make rational use of solid wastes, surplus heat and clean energies</li> <li>Build ecological mines</li> <li>Plant trees and vegetation in the enterprise</li> <li>Practice green office</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Fair &amp; equitable</li> <li>Honest &amp; faithful</li> <li>Information confidentiality</li> <li>Policy stability</li> <li>Mutual benefit and win-win</li> </ul>	<ul style="list-style-type: none"> <li>Site visit</li> <li>Contract negotiation</li> <li>Regular visits</li> <li>Tendering conference</li> <li>Opinion solicitation</li> </ul>	<ul style="list-style-type: none"> <li>Conduct sunshine procurement</li> <li>Consultation on the basis of equality</li> <li>Abide by contracts</li> <li>Disclose procurement information</li> <li>Conduct compliance procurement</li> </ul>
<b>Associations</b>	<ul style="list-style-type: none"> <li>Fair competition</li> <li>Industry development and progress</li> </ul>	<ul style="list-style-type: none"> <li>Join in associations and take on duties</li> <li>Participate in activities organized by the associations</li> </ul>	<ul style="list-style-type: none"> <li>Participate in activities such as standard setting and industry research</li> </ul>
<b>Community, Media and the Public</b>	<ul style="list-style-type: none"> <li>Improve community environment</li> <li>Respect community culture</li> <li>Support public welfare undertakings</li> <li>Disclose corporate information in an open, transparent and timely fashion</li> </ul>	<ul style="list-style-type: none"> <li>Joint community building</li> <li>Joint project development</li> <li>Regular exchanges</li> <li>Convene community communication meeting</li> <li>Press release</li> <li>Media communication</li> </ul>	<ul style="list-style-type: none"> <li>Participate in community building</li> <li>Support culture and education</li> <li>Undertake volunteer action</li> <li>Disclose information</li> </ul>

# HONORS



## Economic operation

January 2015

### National Science and Technology Awarding Ceremony

The project of Innovation Research and Application of Steel Pipelines for Boilers in 600°C Ultra Supercritical Thermal Power Unit won the first Prize of the National Science and Technology Advance Award.

July 2015

### US Fortune

July 2015

Listed in the Global Top 500 Enterprises in *Fortune*, ranking 451st.

August 2015

### China Enterprise Confederation(CEC), China Enterprise Directors Association (CEDA)

Consecutively listed in Top 500 Enterprises in China for 14 years; Consecutively listed in Top 500 Manufacturing Enterprise in China, ranking 32nd.

January 2016

### Committee for the National Enterprise Management Modernization Innovation Achievement

Four management innovation achievements of Ansteel Group including "Human resources optimization management in the iron and steel industry based on the three-dimensional ABC model" won the second prize of the 22nd National Enterprise Management Modernization Innovation Achievement.

November 2015

### State Intellectual Property Office (SIPO)

Four patents including Recovery and Treatment Methods of Iron Dust and Waste won the outstanding prize in the 17th China Patent Award.

November 2015

### China Association of Invention

In the 21st National Invention Expo, Ansteel won the Excellent Pavilion Award. Projects such as A Online Toughing Method of High Speed Wire Rod won 16 Golden Awards, 15 Silver Awards, and 23 Bronze Awards.

## Scientific and technological innovation

January 2015

### National Science and Technology Awarding Ceremony

The project of Key Technology and Application of Synergetic Mining and Risk Control for Large-scale Iron Ore Mines led by Ansteel Group won the second Prize of the National Science and Technology Advance Award.



December 2015

**Liaoning Province Association for Quality (LAQ), User Committee of Liaoning Province**

The Ansteel S95 Ground Granulated Blast Furnace Slag (GGBFS) produced by Ansteel Slag Company won the honor of the Satisfactory Product in Liaoning Province in 2015.

December 2015

**China Iron and Steel Industry Association**

15 products including steel rails for high speed railways won the Golden Cup prize for Determination of Physical Quality of Metallurgical Products in 2015.

**Environmental operation**

January 2015

**China Environment Press**

Ansteel Slag Company of Anshan Iron and Steel won the honor of the National Environmental friendly Enterprise.

**Social evaluation**

April 2015

**Civilization Office of the Central Communist Party Committee**

Anshan Iron and Steel and Pansteel won the honor of the national civilized unit in the 4th round.

November 2015

**The 13th Annual Meeting for Chinese Logistics Enterprises 2015**

Ansteel Qiyun Company was honored as the medal for Social Responsibility Award in Chinese Logistics Industry in 2015.

November 2015

**China Corporate Culture Institute**

The role model in the enterprise culture building in the 12th Five-year Plan

November 2015

**China Iron and Steel Industry Association**

Ansteel won the honor of the Advanced Unit in the Steel Industry in 2015.

December 2015

**Dongfeng Commercial Vehicles Co., Ltd. (DFCV)**

Pansteel won the honor of the best supplier by Dongfeng Commercial Vehicles Co., Ltd.

December 2015

**All-China Federation of Trade Unions, the State-owned Assets Supervision and Administration Commission of the State Council (SASAC)**

In the national staff micro film competition, Ansteel Group Publicity Film was rated the best publicity film; The Journey to Innovation by Ansteel Mining Group Corp. won the golden award.

December 2015

**Civilization Office of Liaoning Province**

Ansteel Coking General Plant of Angang Steel Co., Ltd. and Mining Group's Qidashan Iron Mine won the honor of the Civilized Unit in Liaoning Province.

**Employee**

January 2015

**Publicity Department of the Communist Party of China**

Li Chao from Cold Rolling Mill of Angang Steel Co., Ltd. was honored the Role Model of the Era.

March 2015

**All-China Women's Federation(ACWF)**

Class of women of the lab of Ansteel Construction Concrete Branch won the honor of the National Women Civilization Post in 2014.

April 2015

**Civilization Office of the Central Communist Party Committee**

Ding Aipu, an retiree of Pansteel Steel Plant, was honored Good Men in China.

April 2015

**CPC Central Committee, the State Council**

Tao Gongming, Chief Engineer in Swage Mill of Ansteel Group Pansteel Vanadium Company, won the honor of the National Labor Role Model.

June 2015

**Chinese Tug-of-war Association (CTWA)**

The tug-of-war team of Qi Dashan Iron Ore won five titles in the 2015 national tug-of-war championship.

November 2015

**Publicity Department of the Communist Party of China**

Li Chao was nominated National Normal Role Models.

December 2015

**Chinese Academy of Engineering (CAE)**

Shao Anlin, general manager of Ansteel Mining Group Corp. was honored Academician of China Engineering Academy.

December 2015

**Civilization Committee of SASAC**

Li Chao from Cold Rolling Mill of Angang Steel Co.,Ltd. was honored Moral Role Model of Central Enterprises.

December 2015

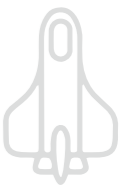
**Civilization Committee of Liaoning Province and Publicity Committee of Liaoning Province**

Ansteel employees such as Lin Xuebin, Zhang Yundong and Wang Guangjun were honored Good Men in Liaoning.





## BUILDING A BETTER AND STRONGER LEADING ANSTEEL



In 2015, due to global economic downturns and steel oversupply, the prices of steel and imported iron ores plummeted. Consequently, the plummeting prices of steel and ores brought Ansteel Group new challenges. Adhering to the strategic layout of "Four Comprehensives" and "Six Development Concepts", Ansteel Group has implemented the work plan of "one focus, two transfers, and three transformations". Based on the main line of work "stress reform, maintain growth, promote transformation, and pursue development", Ansteel Group has taken reforming and innovation as the driving force to increase income and decreasing expenditure, and reduce costs and improving profit, striving to build a leading Ansteel.



# DEEPENING REFORM IN AN ALL-ROUND WAY

**52** reform projects

In 2015, confronted with the tense and challenges of the "frost period" in the steel industry, Ansteel Group formulated and issued *the Implementation Opinions of Ansteel Group on Deepening Reform in 2015*, which responded to institutional hurdles and bottleneck problems. Furthermore, Ansteel Group prioritized 52 reform projects, set up a leadership working group on deepening reform and a project implementation team, and established a linked, labor-divided and coordinated working mechanism of reform promotion, in order to benefit from deepening reform.



## Establishing a differentiated control and management system

Adapting to the diversified sectors development, we established a "differentiated" control and management system and an authorization system, improved corporate governance structure accordingly and boosted innovation motive power and operation vitality.

## Deepening three institutional reforms

We deepened the cadre personnel system and implemented the term targeting contractual management for administrators of business departments of the construction and technology company; We established the pilot system for professional managers of investment companies under the financial sector. Moreover, we deepened the employment institutional reform and established a shunted and exit mechanism for staff, optimizing human resources. Besides, we also deepened the distribution institutional reform, implemented total wages budget management for all subsidiaries, and adhered to "one strategy for one company" to improve the operational performance index system of subsidiaries.

## Promoting operation mechanism innovation

We improved the connected transaction mechanism at group level, standardized the connected transaction of affiliate companies, and cultivated a corporate atmosphere of fairness and honesty. We also improved the fund management system, formulated the regulation on the centralized management of capital, expanded financing channels, and standardized capital utilization in order to improve the capability for value creation. Besides, we innovated the performance appraisal system, established the regional connected assessment mechanism, fulfilled the responsibility of regional management, and displayed the regional synergy effect.

## Deepening reform of the enterprises running in the red

We strictly put into practice the requirements of "two red lines"—positive contribution margin and positive cash flow, and implemented reform measures such as eliminating backward production capacity and promoting transformation and upgrading.

## Promoting integration of the group's internal resources

We built an assets disposal and operational platform to conduct outward disposal and internal coordination for assets, improving the resource utilization rate and standardizing the assets disposal practice. We established the E-commerce management and operation platform of Ansteel Group to promote the communication between the E-commerce platform and the current management system. Furthermore, we set up a supervision platform for foreign investment enterprises so as to enhance supervision, guard against investment risks, increase investment income, and realize the maintenance and appreciation of assets value.

# CONTINUOUSLY REDUCING COSTS AND IMPROVING PROFITABILITY



In 2015, we enhanced fundamental management by stressing management and control as well as potential tapping, and combined increasing income and decreasing expenditure with streamlined management, which proved to be effective. Through various measures, Ansteel Group realized 7.38 billion RMB in costs reduction and efficiency promotion.

## Reducing costs and improving profitability measures

Promoted the market anti-driving mechanism. Through measures such as benchmarking, tender invitation and structure optimization, we optimized the procurement structure, innovated the procurement pricing model, and further expanded the bidding scope.



Carried out expenditure clearing and efficiency appraisal, reduced controllable expenses, conducted overall cost management, and implemented systematic management.

Adjusted material and energy utilization structures and determined production according to sales; Strictly controlled the whole production process; Optimized logistics operation and implemented lean management in each working procedure.

## Case

### Reduced costs and achieved growth

In order to respond to the severe situation of steel market and realize the business target of the year, Ansteel conducted key projects of "9+1", mainly including projects of lowering costs in coking, puddling, steelmaking, energy utilization, logistics and facilities, etc. Through cooperation between companies/departments, we guided each company to keep on structural optimization. We intended to help them realize the differentiated and low cost operation model, enhanced staff value construction in duty and position, implemented innovation management, and promoted the work on costs reduction and efficiency promotion.

Through division of labor, Pansteel formulated eight measures of costs reduction and efficiency promotion and six measures of reform including lowering cost of procurement, optimizing technological and economic indicators, reducing variable expense, optimizing human resources and logistics, etc., in order to reduce costs.



# ENHANCING STABLE OPERATION



In 2015, the global economy was under profound adjustment. Since there was still excess capacity in China and other countries, the demand in the steel market was feeble. In order to adapt to market development, optimize strategic layout, adjust industrial structure, and extend product value chain, Ansteel Group promoted the transformation and upgrading of the steel sector. Meanwhile, Ansteel integrated internal and external resources and established a new diversified development layout to make sure that the company could operate stably.

## Achieved stable growth in production and operation

Ansteel Group timely adjusted its products and yields according to market demand, and expanded the production and marketing scale of profitable products. In 2015, the strategic steel products, leading steel products and new steel products of Ansteel respectively occupied 62.85%, 28.8%, and 26.05%; Pansteel produced 1.2639 million tons of heavy rails, with the production and marketing scale and the export volume ranking first throughout the nation.

### Case

#### The joint venture project of Ansteel Guangzhou Automobile Steel Co., Ltd.

In 2015, Ansteel Group continued to promote the first phase of the joint venture project of Ansteel Guangzhou Automobile Steel Co., Ltd. – the production line construction of ultra-high strength hot-dip galvanization. It is predicted that the new factory will be built and put into operation in 2016, with an annual production of 450 thousand tons of 1880mm ultra-high strength hot-dip galvanization, which will satisfy the needs of high-end steel in industries such as automobile and home appliance in Pearl River Delta and in South China.

## Achieving healthy development of diversified industries

Integrating internal and external resources and substantially promoting the steel sector, Ansteel Group focused on the development of the main sector and also valued that of diversified industries, keeping on expanding profitable sectors. In 2015, Ansteel Group focused on the improvement of decision-making efficiency and quick response capability of diversified industrial sectors, and promoted the market-based operation.

### Mineral resources



Ansteel Mining Group Corp. boasts the most iron ores, the largest production scale, the advanced production technology and the low-cost operation model. Ansteel Mining Group Corp. is a leading enterprise in metallurgy and mining with a complete industrial chain, integrating prospecting, mining, beneficiation, sintering, pellet production, development and design of selection technology and engineering technology output as a whole.

In 2015, the operating income of Ansteel Mining Group Corp. reached **10.24 billion RMB**

### Engineering technology



With several national Grade A qualifications and the general contracting qualification, Ansteel Group Engineering Technology Development Co., Ltd. can provide clients with services in the whole life cycle of the project, including investigation and measurement, engineering consultation, engineering design, project supervision, equipment supply and procurement, engineering construction, start-up and operation, project general contracting, and project management, etc. It also boasts single production lines in converter, continuous casting, tandem hot rolling and tandem cold rolling, etc. as well as the design capability for independent integration of the modern one-stop iron and steel factory.

In 2015, the sales income in the energy saving and environment protection sector reached **338 million RMB**

### Comprehensive development



Ansteel Group General Industrial Development Co., Ltd. is a comprehensive enterprise group with diversified business, covering 25 sectors including development of regenerated resource for metallurgy, real estate development, construction, metallurgy projects, metallurgy powder, metallurgy machine, metallurgy material, production service, cement, construction products, comprehensive utilization, metal products, automobile transportation, medical treatment and health, medical development, medical service, accommodation and catering service, dairy drinks, credible supermarkets, plantation and breeding, public service, integrated car service, and preschool education service, etc.

In 2015, the sales income reached **3.929 million RMB**

### Information industry



Ansteel Information Industry Corporation Ltd. mainly provides domestic and foreign clients with services in automation, information system design, manufacturing, technological research and development, facility installation, debugging, system operation maintenance and electric machinery manufacturing and repair. It is also dedicated to the development of newly emerging strategic business such as the development of smart cities and smart factories, cloud computing, big data, e-commerce, as well as energy saving and environment protection, etc. Information Industry Corporation will take the international market as a pivot and accelerate production development, upgrading and transformation.

In 2015, the operating income reached **701 million RMB** with overseas contracts worth of over **105 million RMB**





# DEVELOPING CROSS-BORDER OPERATION

## International trade



Ansteel Group International Trading Company is the overseas agent of Ansteel products and services, a comprehensive trader with international operation, an investment operator for overseas business, and also a financing platform for overseas trading and an implementation platform for internationalization strategy. In 2015, Ansteel Group International Trading Company substantially developed the international market. 70 new clients were developed and exporting countries increased to 60.

The overall trade turnover in 2015 reached **5.8 billion RMB**

## Financial platform



Ansteel Capital Holding Co., Ltd. is a branch company of Ansteel Group in the finance sector. Dedicated to building a holistic financing operation platform, Ansteel Group Capital Holding Company administered the internal and external financing operation and promoted the integration of production and financing. Drawing on the periodic complement between finance and real estate, Ansteel Group implemented the strategy of operating risk diversification, kept on improving the finance industry efficiency and the profit contribution rate, and facilitated the diversified operation of the group. The successful establishment of the group company assets operation platform, the internal financing service center and the external investment center provided a solid foundation for the transformation to the "1+n" financing operation model.

In 2015, the total profits reached **2.706 billion RMB**

## Chemical engineering industry



Chemical Industrial Division of Ansteel (CIDA) is dedicated to the comprehensive utilization and development of coal resources, and the development, technological consultation, technology export and consigned processing of chemical products of related chemical business. It specializes in more than 40 kinds of products such as zetar, ammonium sulfate, benzene series, naphthalene series, phenol series, pyridine series, and asphalt series.

In 2015, the operating income reached **4.96 billion RMB**

Taking the national development strategy of "the Belt and Road Initiative" as a great opportunity, Ansteel Group has constantly improved the international operation planning system, actively developed the international market, and kept on enhancing the capability and level of international operation. The overseas business of Ansteel Group mainly covers trading services, steel processing and mineral resource development. In 2015, with production lines of the group and domestic enterprises as well, Ansteel Group conducted the work on international strategic layout.

Ansteel Group owns 26 overseas branches in 14 countries in Asia, Europe, North America and Oceania, including 15 trading companies, 5 manufacturing companies, 5 investment consulting companies and 1 design institute, which provide strong guarantee for international sales of Ansteel products. In 2015, Ansteel Group expanded product exporting. exports of steel 3.709 million tons, accounting for nearly 12.12% of total production.



The export volume was  
**3.709** million tons

Earned  
**2.229** billion dollars

BUILDING A BETTER AND STRONGER LEADING ANSTEEL

BUILDING A TECH-DRIVEN AND INNOVATIVE ANSTEEL

BUILDING AN ANSTEEL OF EXCELLENT OPERATION AND INTEGRITY

BUILDING A GREEN AND ENVIRONMENTAL FRIENDLY ANSTEEL

BUILDING A HUMAN ORIENTED AND HAPPY ANSTEEL

BUILDING A WARM AND HARMONIOUS ANSTEEL



# IMPROVING MANAGEMENT



In order to deal with the challenges in corporate reform and management, Ansteel Group has constantly optimized the management system and promoted corporate governance. In 2015, four management achievements of Ansteel won the second prize for innovation in national enterprise management modernization; 11 achievements of Ansteel won the award of innovation in management modernization of metallurgy enterprises.

## Establishing the supporting system for group decision-making

In order to satisfy the requirements of quick decision-making in the Internet + era, Ansteel Group formulated the Improvement Scheme of Ansteel Group Decision-making Supporting System, established three functional modules of "business analysis and forecasting, risk monitoring and assessment, operation management and control", initiated five functions of "display, analysis, monitoring, forecasting and reporting", and set up the theme framework of the group decision-making supporting system with 16 themes, 45 sub-themes and 612 indexes. The project will be launched in July 2016 and put into trial online in December 2016.

## Improving the regulation system

The framework of Ansteel Group Regulation System covers 16 functional modules, 38 core businesses, and 220 management regulations. The working group on regulation inspection and appraisal was set up to examine the formulation and implementation of 109 regulations of 9 subsidiaries. The discovered problems will be timely reported and resolved.

## Enhancing benchmarking management

Ansteel Group conducted the total-factor and whole process benchmarking activity, checked the "short slab" of management, formulated solutions and implemented effective measures. Substantial progress was achieved in 52 benchmarking indexes. The affiliated companies of Ansteel Group summarized typical practices and successful experience of benchmarking into 49 excellent benchmarking cases and published *Ansteel Group Case Collection of Excellent Benchmarking*.

# PROMOTING INFORMATIZATION



In 2015, based on business management and control requirements and construction progress of informatization projects, Ansteel Group completed times of revision of *Ansteel Strategic Development Plan for Informatization(2015-2017)*, and prepared for the compilation of the strategic plan for informatization in the 13th Five-year Plan. Moreover, the planning and design work of group network, data and disaster recovery data centers were initiated to facilitate the development of informatization of the group.

Through informatization construction, Ansteel Group promoted the management innovation revolution, costs reduction and efficiency improvement, enhanced the management effect and efficiency, and accelerated the hierarchical construction of the information system project, including promoting the e-commerce system, the e-bidding platform, the mobile application system, the cloud computing platform, the decision-making supporting system, the auditing management system and the integrated procurement information platform, etc.

In 2015, Angang Steel Co., Ltd. became one of the first batch of 200 enterprises approved by the integration of informatization and industrialization. Anshan Iron and Steel and Pansteel completed the work on *Integration of Informatization and Industrialization Development Level of China Steel Industry 2014*. Ansteel Mining Group Corp. and Xichang Steel&Vanadium became the pilot companies for standards implementation of Integration of Informatization and Industrialization by Ministry of Industry and Information Technology.



## Smart mining—build the global leading mining management system

Since 2008, Ansteel Mining Group Corp. has begun to use information technologies and corporate management theories to conduct informatization construction, such as cloud computing, big data, and Internet of Things (IoT). Ansteel Mining Group Corp. successfully built a national leading information management platform in the steel industry, which was characterized by "timely collection, online transportation, standardized integration, visual display, automatic operation and intellectual service". All business sectors were driven collectively, such as finance, production, facility, quality, procurement, sales, engineering, EHS, and human resources. Ansteel Mining Group Corp. managed to provide the three-dimensional mining solutions with a full grasp of the management level including the longitudinal collection of basic data, automatic production, MES, ERP and decision-making supporting, etc. Ansteel Mining Group Corp set up an example for the mining information construction in the steel industry and initiated the first application of "Corporate Clouding" in the mining industry.

Ranking 1st in the national mining industry in terms of comprehensive strength, Ansteel Mining Group Corp. was included in "The National Pilot Demonstration Projects Of Intelligent Manufacturing (IM) in 2015" as a national IM demonstration enterprise. The smart mining construction project was honored as "the Pilot Demonstration Project Of Smart Mining In The Metallurgy Industry" by the Ministry of Industry and Information Technology in 2015.





## **BUILDING A TECH-DRIVEN AND INNOVATIVE ANSTEEL**

Innovation is the first engine of development. Ansteel Group has substantially implemented the strategy of innovation-driven development, improved the management system of science and technology innovation, and stably promoted the capability for innovation and efficiency. Furthermore, Ansteel Group has promoted the compilation of the science and technology scheme, established a sound appraisal index system of science and technology innovation, and enhanced the construction of the innovation platform.





# IMPROVING INNOVATION SYSTEM

Ansteel Group has increased the investment in research and development of science and technology, kept on improving the innovation mechanism, and promoted the construction of the innovation lab, in order to accelerate the transformation of innovation results and improve the innovation research and development efficiency.

In 2015, the annual investment in the science and technology of Ansteel Group occupied **4.0%** of the total expenditure

**103** staff innovation studios were established, further tapping the collective innovation potential.



## Case

### Shao Anlin – honored as the academician of CAE



In December 2015, Shao Anlin, general manager of Ansteel Mining Group Corp. was honored as the academician of the Chinese Academy of Engineering. Shao Anlin is a senior engineer of

professor level, the head of the leading group on the medium and long term development planning of the Chinese iron ore mining industry, and the chairman of Metallurgical Mines' Association of China (MMAC). During these years, he tackled the bottleneck problem of key technologies of lean iron ore mining, standardized and systemized lean iron ore mining technologies, and established the engineering model of the mining and metallurgy system, which valued "the integration of five grades" – "Geologic grade, Run-of-Mine grade, Head grade, Concentrate grade, and Furnace grade"; Shao Anlin guided the compilation work on the first medium- and long-term development plan of the Chinese iron ore mining industry and completed other relevant work. Mr. Shao won 3 second prizes of National Award for Science and Technology Progress, 1 special prize, 10 first prizes and 19 second prizes for Provincial Science and Technology Progress Award, and 2 first prizes for National Management Innovation Award. He also earned several honors such as The National Outstanding Science and Technology Engineer, The National Outstanding Entrepreneurship, and The National Labor Model.

# PROMOTING TECHNOLOGICAL INNOVATION

Ansteel Group achieves growth through accelerating the research and development process of key projects, such as national key science and technology projects, group key projects and other "critical" projects, substantially promoting technological innovation. In 2015, Ansteel Group was in charge of 21 national projects, including five newly approved projects and four accepted projects. Ansteel Group was also involved in several national key research and development projects, including the National "863" Program (also known as National High-technology Research and Development Program), National "973" Program (also known as National Basic Research Program), the National Science and Technology Pillar Program, the National New Products Program, the transformation of national key industries. Ansteel Group never stops developing new areas to keep technology leading.

- Three research projects were examined and accepted by the Ministry of Science and Technology, including the project of Industrial Manufacturing Technology of Corrosion-Resisting Steel Plates for Cargo Oil Tanks in National Science and Technology Supporting Program of the 12th Five-year Plan; New steel plate products were developed, whose corrosion-resisting indicator was over 5 times that of traditional ones.
- "The New Generation TMCP Technology Innovation and Industrialization Demonstration Project", the national low-carbon technology innovation and industrialization project, made breakthrough in reduction production technology of alloy element products and the product performance upgrading technology.
- Significant breakthrough was made in the manufacturing technology of titanium sponge and the clean manufacturing technology of vanadium oxide.
- The "steel-titanium-model" stable manufacturing technology of pure-titanium hot-rolling coils realized industrialized production.

## Case

### The marine corrosion-resisting steel

The focus of future oil and gas resource exploitation will gradually transfer to ocean. The marine service conditions decide that the exploitation and transmission of seabed oil and gas needs a great number of corrosion-resisting, steel products.

However, the technology research of oceanic corrosion-resisting, steel is highly difficult.

In September 2015, Ansteel Group's research project of Industrial Manufacturing Technology of Corrosion-resisting, Steel Plates for Cargo Oil Tanks, which was included in National Science and Technology Supporting Program of the 12th Five-year Plan, was examined and accepted by Ministry of Science and Technology. The technology can increase the oceanic corrosion-resisting, capability of domestic oil tankers by over four times.

The research project has tackled difficult problems of core technologies such as materials research and development, manufacturing, and testing. Without significantly increasing cost, and sacrificing shipbuilding craft and original mechanical performance of conventional ship plates, the research project has developed a kind of corrosion-resisting, steel used for cargo tanks of oil tankers, which are in accordance with requirements of the International Marine Organization (IMO) index and of better quality than its foreign counterparts in terms of quality and performance. Authenticated by China Classification Society, the newly developed cargo tank steel is used as the demonstration for evaluation of actual ships and research and application of other high-end materials, which has earned several intellectual property rights and science & technology achievements.

## Case

### Two science research achievements won National Award for Science and Technology Progress

The research project "Key Technology and Application of Synergetic Mining and Risk Control for Large-scale Open Pit Iron Ore Mines" led by Ansteel Mining Group Corp. won the second prize for National Science & Technology Progress Award. This has set a precedent for the synergetic mining of open pit mines in the same ore body, which resolves global problems such as synchronized mining of multiple mines in the inclined ore body, risk control and prevention of high and steep slope mining of deep concave open-pit mines, potential safety menace of collapse and water gushing of mined-out areas. Consequently, a new method of efficient large-scale mining of lean iron ores has been developed, which is of vital importance to reverse the trend of high dependency of imported iron ores.

The project "Innovation Research and Application of Steel Pipelines for Boilers in 600°C Ultra Supercritical Thermal Power Unit", in which Pansteel participated, won the first prize for National Science & Technology Progress Award. The project has realized the manufacturing integration technology of steel pipelines for boilers in 600°C ultra supercritical thermal power unit. As a global leading technology, it substantially supports the self-reliance construction of 600°C ultra supercritical thermal power unit and thus has great economic returns and social benefits.

## Top-level guidance

- Compiled The Scientific Development Scheme of the 13th Five-year Plan of Ansteel Group, established the scientific and technological innovation indicator appraisal system, determined 6 series of research programs and 49 research directions during the 13th Five-year Plan, and comprehensively guided the scientific and technological work of Ansteel Group.

## Deepen the reform of innovation mechanism

- Deepened the reform of research institute mechanism, accurately excitation stimulated potential, released research vitality, and preliminarily formulated the four-innovation system of "research and development, construction centralization, constant improvement, independent innovation".
- Developed the science and technology information management system, promoted the standardization and institutionalization of science and institutionalization of science and technology management.

## Build the innovation platform

- The "State Key Laboratory for Marine Equipment's Metallic Materials and its Applications" was approved by the Ministry of Science and Technology of China.
- Took the initiative to establish the strategic alliance for technological innovation in the corrosion-resisting, steel industry, and applied for the national pilot alliance sequence.
- Promoted the efficient operation of the strategic alliance for technological innovation in the corrosion-resisting, steel industry, and laid a foundation for the collaborative development of the corrosion-resisting steel industry in China.



# INTELLECTUAL PROPERTY MANAGEMENT



Ansteel Group highly values the creation, application, protection and management capability construction of intellectual property. Through the amendment of *Regulation on Intellectual Property*, Ansteel has promoted the standardization and institutionalization of science and technology management. During the 12th Five-year Plan, Ansteel Group has achieved a steadily increasing number of national pending and issued authorized patents, with an appropriate number of recognized proprietary technologies. Each indicator of Ansteel Group ranks in the top of the industry. In 2015, Anshan Iron and Steel realized 670 pending patents and 605 issued patents; Pansteel realized 618 pending patents and 424 issued patents.

## Ansteel Group

**4** invention patents of Ansteel Group won the Outstanding Prize in the 17th Chinese Patent Award of Excellence

In the 21st National Invention Patent Expo, Ansteel Group won

**16** Golden Awards    **15** Silver Awards  
**23** Bronze Awards



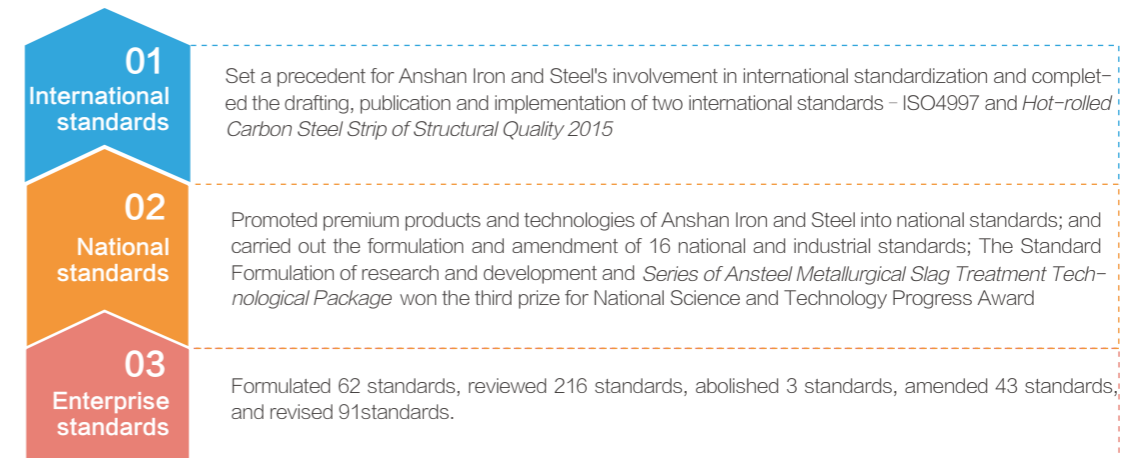
# PROMOTING PROGRESS OF THE INDUSTRY

Ansteel Group actively conducts exchange and cooperation on technology synergy projects to explore more space for development. Moreover, Ansteel Group takes the initiative to promote the healthy development of the industry with its own professional advantage.

## Promoting the standardization work

Ansteel Group actively carries out the international, national and industrial standardization work, makes technological achievements of Ansteel into the international and national standards to improve the market competitiveness.

### Standardization Work of Anshan Iron and Steel



## Participating in industrial exchanges

Ansteel Group develops and deepens exchanges and cooperation with World Steel Association and mining technologies. In 2015, Ansteel Group participated in the 49th annual conference of the World Steel Association (Worldsteel). In the conference, a dialogue took place between Ansteel and the general director of Worldsteel, which focused on the situation of global steel industry as well as mutual communication and exchange, etc.; Ansteel Group also participated in the Metal Expo in Moscow, and the international symposium on steel and automobile 2015-"Green manufacturing-the future"; organized automobile technology experts from South Korea and experts from automobile steel alliance of Worldsteel to make technological exchanges with Ansteel; held a meeting with Purdue University to discuss potential cooperation on visualization and simulated alliance of the steelmaking industry and draw on simulation and visualization technologies to promote the industrial competitiveness in the whole value chain; Besides, Ansteel Group organized the 14th annual conference of Chief Engineers Association of Chinese Steel Enterprises in order to promote the progress of the industry.

### Case

#### Anshan Iron and Steel Promotes Industrial Exchanges

In order to promote industrial exchanges, Anshan Iron and Steel "went out" to participate in domestic and foreign metallurgic industry symposiums, "invited" experts and professors to give academic reports, and "borrowed resources" to organize and attend symposium series on innovation driving in Anshan; Anshan Iron and Steel held more than 20 academic activities, attended 6 key academic activities held at home and abroad, contributed over 200 papers, and organized over 70 people to attend relevant meetings. More than 50 papers were presented during conferences for exchanges.





## **BUILDING AN ANSTEEL OF EXCELLENT OPERATION AND INTEGRITY**

Ansteel Group has always adhered to honest operation and compliance management, complied with laws and regulations, intensified its efforts to combat corruption and advocate an honest and clean governance, and jointly built an honest Ansteel with shareholders.





# OPERATING ABIDING BY LAWS AND WITH INTEGRITY



Ansteel Group strictly obeys relevant international and national laws and regulations as well as commercial ethics. In 2015, Ansteel Group and its subsidiaries of all levels timely disclosed corporate information, and many subsidiaries have been honored national "Observing Contracts and Valuing Credit Enterprise" for years.

## Compliance with Laws and Regulations

Ansteel Group comprehensively implements the general requirement of central SOEs legal construction and sticks to the problem-oriented legal construction. In order to respond to the severe situation and challenges of the steel industry, Ansteel Group runs the enterprise by law and digs into shortcomings of legal corporate governance.

01

Established the Corporate Legal Affairs Department, and promoted the construction of Ansteel Group.

02

Through enhancing construction of "two systems" and "six mechanisms" of enterprise legal management, Ansteel Group further strengthened construction of legal risk prevention mechanism, legal consultation system and legal work system.

03

Improved the capability for compliance management and enterprise legal management, and provided legal support and guarantee for a stronger and better Ansteel Group.

Promoting legal compliance construction ^

## Anti-corruption



Ansteel Group improves the construction of Party's work style and the clean government system, promotes the prevention and control of honesty risks, and consummates the supervision management system, in order to prevent corruption risks. Ansteel Group boosts compliance management of the Party, enhances internal supervision, and unwaveringly implements the Eight Rules of Political Bureau of the Central Committee. With zero-tolerance of corruption, Ansteel Group persists in stringent discipline inspection, which proves to be effective.

### Construction of the anti-corruption system and honest and clean governance

- Established relevant regulations such as accountability interviews and report on clean governance work
- Established and improved the supervision organization, and enhanced the full-time position of secretary of discipline inspection committee.
- Made inspection tours nominated by secretary and vice secretary of the superordinate discipline inspection committee and organizations and institutions at the same level.

### Coordinated with the Central Leading Group for Inspection Work

- Attached great importance to the special inspection work of the 13th Central Leading Group for Inspection Work and set up a leader group on work of rectification.
- Held 10 meetings of standing committee of CPC and symposiums, and formulated 87 rectification measures to ensure that every rectification measure is implemented instantly and feedback is gained.

### ¥ Treatment of commercial bribes

- Enhanced discipline inspection. Ansteel Group transformed the way and style of discipline implementation work, and enlarged communication scope via interviews, letters, caution and encouragement, seriously punished violations of regulations and disciplines on corporate interests and employees' legal rights and interests.
- Unwaveringly implemented the Eight Rules of Political Bureau of the Central Committee and reiterated every regulation on honest and clean governance in pivotal stages.
- Enhanced disclosure of corruption information. 27 typical corruption cases were disclosed in the official website of the CPC Central Commission for Discipline Inspection (CCDI), Ansteel Anti-corruption Information Website and Ansteel Daily.

## Case

### Arousing the awareness to learn Party Constitution



Ansteel Group carries out trainings on Party spirits, Party rules, and Party discipline education and organizes representatives, contractors and suppliers to conduct trainings on anti-corruption policies and regulations. Moreover, Ansteel Group profoundly implemented the study of relevant principles and provisions, carried out inspection of regulation formulation and implementation, and compiled anti-corruption reading materials such as *100 Questions on Party Constitution*. Besides, Ansteel Group held 812 lectures on publicity of anti-corruption cases as well as Party regulation and law education in the Anti-corruption Museum and on the information website. More than 60 thousand people participated in the lectures.



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## Preventing risks

In 2015, focusing on the strategic development plan, the annual manufacturing and operating plan, Ansteel Group identified eight major risks, developed a risk management strategy and risk solutions, set up 42 risk monitoring and alerting indicators. Ansteel Group also conducted risk identification, developed and evaluated core businesses, and determined the normal value, the "yellow" alert value, and the "red" alert value of indicators. Each unit regularly supervised risk changes and reported or made alert to the management and relevant departments. In such a way, problems were timely detected and rectification measures were accordingly adopted, which prevented and controlled serious risks.

Ansteel Group enhanced the construction of the comprehensive risk management system, and conducted special risk inspections such as illegal occupation of "two funds" – Housing Fund and Enterprise Annuity, financing trade, and Project Karara; hired risk consulting companies to conduct trainings on risk control and internal control for over 500 management personnel in Anshan and Panzhihua. As a result, the corporate risk control capability was significantly improved, which promoted the realization of Ansteel manufacturing and operating goals and the sustainable, stable and healthy development of the company. In 2015, there was no serious risk affair.

## Strengthening auditing

Centered on operating performance and taking prevention of serious risks as direction, internal control as the main line and corporate governance as the target, Ansteel Group has fully displayed the function of auditing, making a great contribution to Ansteel Group in terms of operation improvement, management enhancement, risk prevention and value increment.

In 2015, Ansteel Group further strengthened the internal auditing work. Ansteel Group completed a total of 207 auditing projects, proposed 846 reports of targeted suggestions on auditing, and realized 394 million RMB in income increase and expenditure reduction; Furthermore, Ansteel Group implemented rectification measures, with a rectification ratio of 97.46%. As a result, 28 management systems were improved in units that have been audited, and 100.92 million RMB of economic benefits was achieved.

### Enhance the three measures of auditing



## DEEPENING CLIENT SERVICE



Ansteel Group values coexistence and common prosperity with clients, adheres to concepts of "focusing on clients and oriented by market demand", and provides clients with high quality products. Furthermore, Ansteel Group listens to clients' opinions and suggestions, takes client service seriously and promotes the transformation from a manufacturer to a service provider.

## Enhancing quality management

Ansteel Group has established an overall quality management system, developed markets with high quality products, and carried out activities of product quality enhancement such as "Quality Month" to improve customer satisfaction degree and customer loyalty degree. In the meanwhile, Ansteel Group guides employees to take their own initiative to participate in quality management and realizes efficiency improvement and cost reduction in quality management. In 2015, 15 products of Ansteel Group were awarded the "Excellent Quality Award" prize for steel product quality by China Iron and Steel Association, which reached the international level.

### Ansteel Group enhances the construction of quality management system

- Controlled and managed the quality index system and maintained product quality performance
- Improved the product quality management system and guaranteed quality control during the quality formation process
- Deepened team management on quality and warranty integration, and effectively promoted 13 key projects of quality and warranty integration
- Enhanced management of products in stock and reduced quality loss
- Implemented quality inspection and promoted improvement of basic units
- Improved product package quality and product image
- Conducted Six Sigma project management and improved refined quality management

### In 2015, Pansteel achieved much in quality

In 2015, Pansteel achieved much in quality improvement, realizing **124 million RMB** in quality loss reduction and cost saving. Pansteel won honors such as **4** "National Outstanding" QC teams, **2** national credible QC teams, **42** provincial (industrial) outstanding teams, **41** provincial (industrial) credible teams, and **8** approved provincial brand products. Pansteel Vanadium Company won the prize for quality by Panzhihua government.



## Providing premium products

In 2015, Ansteel Group developed a few representative new products, which enabled clients to earn more values and facilitate the national economic and social development:

- The successful application of a new type of ultra-thin corrosion-resisting steel in P80 covered-top wagon;
- Ansteel Heavy Rails became the exclusive supplier of heavy rails for Zhang Tang Railway, upholding the third energy channel;
- Produced the first 50AT1 online heat-treated switch rails;
- Ansteel steel used in 800MPa hydroelectric projects managed to cast the runner crown of the Ludington hydro turbine in America for a second time;
- 150ksi ultra high strength and toughness steel oil well pipes used for ultra deep wells were sold to National Iranian Oil Company (NIOC), the third largest oil company in the world;
- The detachable flat-strand ropeway steel ropes will be applied in Wanlong Ski Resort where Beijing Winter Olympics will be held in 2022.

## Improving clients' satisfaction degree

Ansteel Group has constantly enhanced management and communication with clients, kept on standardizing the management of customers' satisfaction degree, strengthened and consolidated the management system of customer complaints, and established a new type of cooperation relationship with clients, which values honesty and mutual benefits. Moreover, Ansteel Group has constantly improved market response speed and client service quality. Centered on problems, the company has implemented closed-loop management, studied, formulated and implemented rectification and prevention measures accordingly.

Anshan Group pays attention to protecting customer privacy, abides by the confidentiality system strictly. Through limiting the user level of ERP, prohibiting the sales management system access to the internet and other measures, Ansteel effectively protected customer information. The year did not leak confidential customer information matters.

### Case

#### This is how the honor of "the best supplier" comes

In the annual meeting for suppliers, Pansteel once again won the honor of "the best supplier" by Dongfeng Commercial Vehicles Co., Ltd.

In 2015, International Trade Company of Pansteel Group expanded the service scope, integrated platform resources such as research and development, technology, manufacturing and sales, and established the automobile sheet service center. According to the internal management characteristics of Dongfeng Commercial Vehicles, the company formulated sales service "packages" and provided delicate service, which enabled the client to enjoy its soft power of service and added values, and enhanced the clients' trust in Pansteel products. In 2015, Pansteel products occupied 55% of girder products of Dongfeng Commercial Vehicles.

Pansteel had specially assigned people work in the Dongfeng manufacturing base and ensured that it could grasp the clients' production rolling plan and raw materials storage, which improved the accuracy of delivery. If there were any disputes over products, the service personnel would hurry to the manufacturing site to solve the problem.

In 2015,  
clients' satisfaction degree of

Anshan Iron and Steel was: while that of Pansteel was:

91.38% 89%

Pansteel also held technological exchanges between technician experts and clients regularly and from time to time. Besides, Pansteel promoted new products and technological solutions, summarized the progress of mutual strategic cooperation project and decided the next step of its work plan.

### Case

#### Provide clients with 24-hour service

As to intense homogeneity competition in the steel market and clients' higher requirements for quality and service, Angang Steel Co., Ltd. Cold Rolling Mill took the initiative to integrate the concept of "Internet+Client Service", innovated the mode of client service and established a WeChat platform. The company timely provided clients with products and services of higher quality. The WeChat platform acted as a mobile "think tank" for direct client communication, gathering 70 people including directors, chief engineers, technicians and engineers in frontline studios, etc.

According to the feedback from the frontline studios, Cold Rolling Mill made improvement in product quality in the very beginning phase of production. Based on clients' manufacturing situation, the company timely made quality improvement suggestions and conducted them into the technical document to guide the optimized operation of each production line and each procedure. Thus, many problems were solved before delivery. The automobile product defect rate of Angang Steel Co., Ltd. Cold Rolling Mill was reduced to half and clients' satisfaction degree in cold rolled products rose increasingly.



## Integrating into "Internet+"

Ansteel Group values the utilization of mobile internet technology, promotes business innovation and revolution as well as corporate sustainability, and establishes an ecological circle for the whole industry chain. In 2015, the e-commerce platform of Ansteel Group realized 710.9 thousand tons of spot goods transaction volume, with a sales revenue of 1.676 billion RMB.



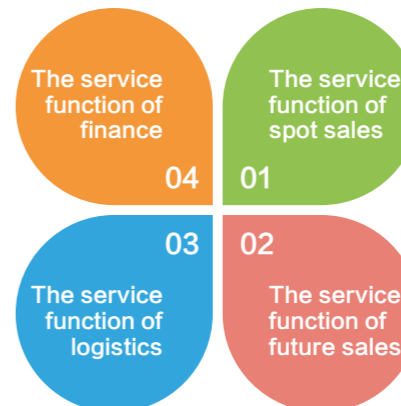
### Integrated E-Commerce Center

In order to establish the procurement and operation management system in the Environment of the New Economy, Ansteel Group set up an integrated e-commerce platform covering sales, logistics, finance, and procurement, optimized work procedure of the whole industry chain, expanded sales channels, reduced

management cost, and improved management efficiency. The integrated E-Commerce Center became the portal to Ansteel Group, which improved client service quality and satisfied clients' requirements to the maximum extent.

### Important functions of the E-Commerce Center >

Initiated the way of online payment and provided clients with a highly efficient, convenient and secure capital payment channel.



Drawing on internal logistics resources of Ansteel and the idea of "Internet+", Ansteel Group built the social logistics service system; Moreover, Ansteel Group fully integrated the internal and external corporate logistics resources to develop towards industrialization of logistics.

Realized online sales of all spot products of Ansteel, expanded sales channels, and achieved transparency, and self-support and personification of spot sales to give full play to the scale effect of spot sales.

Improved the quality of client service to make ordering process smoother; Established the match-making and collaboration mechanism of downstream enterprises and the highly efficient and exclusive VIP channel.

# BUILDING RESPONSIBLE SUPPLY CHAIN

Ansteel Group has built a sound procurement management mechanism, set up a group departments for procurement management, and implemented the centralized procurement management; Moreover, Ansteel Group has established Ansteel Tendering Company Limited. and the bidding platform for Ansteel Group, implemented the bidding and procurement management, and collectively standardized the bidding and procurement procedure.



## Improving the procurement management

Aiming to set up an "open, low-cost, safe and efficient" procurement management system, Ansteel Group has formulated regulations on procurement management, bidding and tendering management, supplier management, etc. Moreover, the company has strengthened the management of key procurement links, promoted the construction of a hierarchical procurement platform, integrated resources and simplified organizational structure. With a series of measures, Ansteel Group has established a highly efficient, well coordinated and multi-layered integrated procurement management system, covering the group, subsidiaries, and branch companies.

## Promoting supplier communication

Ansteel Group has actively made exchanges of information and technology and established an information sharing mechanism and a good strategic cooperation relationship with suppliers to jointly prevent market risks and pursue mutual development. Anshan Iron and Steel set up a communication mechanism to discuss with suppliers technical quality and quality feedback on quality standards, testing and inspection criteria, and shipment quality, etc. which improved the management quality of both the supply side and demand side.

In 2015, Pansteel



## Building the informatization platform

In 2015, Ansteel Group conducted work on the construction of the integrated procurement information platform and realized informatization of the procurement platform, the bidding platform, and the electronic supermarket, which is deemed as "the integration of three platforms' informatization". Ansteel Group gave full play to the scale effect of synergetic procurement, reduced procurement cost, and improved work efficiency.

Drawing on the E-Commerce Center, Ansteel Group promoted management integration of sales, production, technology and logistics, established an integrated e-commerce platform for sales, logistics, finance and procurement, optimized business process of the whole industry chain. Ansteel Group also expanded sales channels, reduced management cost, improved management efficiency and created an ecological circle of the whole industry chain.

## Implementing social responsible procurement

Ansteel Group has constantly improved the supplier management system, enhanced the admission and appraisal of sourcing suppliers and the dynamic management and annual evaluation of qualified suppliers, and urged suppliers to fulfill their responsibilities. Through dynamic and regular appraisal and assessment, Ansteel Group has conducted random check on suppliers' performance in social responsibility fulfillment and included it into the supplier management system. Besides, Ansteel Group has kept on optimizing the supplier team to ensure better long-term ability to perform the contract and responsibility.

# PROMOTING STRATEGIC COOPERATION

Ansteel Group has actively collaborated with strategic partners to enhance communication and cooperation, and jointly promoted the sustainable development of the industry.

## Promoting partnership construction

Ansteel Group has established a strategic cooperation platform to actively communicate with international and national enterprises, organizations, and institutions, elevated the cooperation level, and enlarged the cooperation scope, to comprehensively promote partnership construction.

	Cooperation Content and Significance	Cases of Cooperation
<p>Cooperation with the Government</p>	Make full use of regional advantages such as resources and talents, realize joint construction of enterprises and local communities, and promote the development of regional economy, society, and environment.	Ansteel Group signed the MOU on cooperation with Dalian municipal government. Both parties shall comply with laws and regulations, observe principles of mutual benefit and mutual development, jointly promote industrial transformation and upgrading and better serve economic and social development.
<p>Cooperation with Other Enterprises</p>	Form a powerful cross-industry alliance, realize complementarity of advantages in science and technology application, construction projects, environmental protection and clean energy, and industrial development, etc.	Ansteel Group cooperated with multiple corporations including China State Shipbuilding Corporation (CSSC), China International Marine Containers (Group) Co., Ltd., China CNR Corporation Limited, China Shipbuilding Industry Corporation (CSIC), China Railway Construction Corporation Limited (CRCC), China Minmetals Corporation, China Energy Conservation and Environmental Protection Group (CECEP), China Export & Credit Insurance Corporation (SINOSURE), etc.
<p>Cooperation with Banks</p>	Provide comprehensive financial service, improve fund utilization rate, enhance capital monitoring, and prevent capital risks.	Ansteel Group signed the cooperation agreement with China Construction Bank; signed the service contract with Bank of China Limited (BOC); signed the financial counseling service contract with Bank of China (Hong Kong) Limited.
<p>International Cooperation</p>	Expand and deepen technological exchanges and cooperation projects in fields of iron and steel and mining, realize a powerful alliance with complementarity, and improve competitiveness of enterprises.	Ansteel Group discussed cooperation with Tata Steel Europe and cooperated with Kobe Steel Ltd., as part of a joint venture.

## Safeguard shareholder rights and interests

Ansteel Group has strictly complied with relevant laws and regulations to guarantee shareholders to fully use their rights. In 2015, *Regulation on Connected Transaction of Ansteel Group* was formulated to create a fair market environment.

Angang Steel Co., Ltd. has actively conducted road shows with domestic and foreign investors. Agreements on connected transactions between Ansteel Group, Angang Steel Co., Ltd., Pansteel Group Vanadium Titanium & Resources Co., Ltd., and Financial Company were approved by voting in the General Assemblies of Shareholders, such as raw materials supply service contracts and financial service contracts during 2016 to 2018.





## BUILDING A GREEN AND ENVIRONMENTAL FRIENDLY ANSTEEL

Ansteel Group has constantly strengthened environmental governance, strictly implemented the new edition of Environmental Protection Law and the new standards of environmental protection in iron and steel industry, and integrated concepts of environmental protection into the whole process of production and operation. Adhering to green production, Ansteel Group strived to build a green Ansteel. In 2015, Ansteel Group realized the goal of zero environmental pollution accident, the national assessment goal of energy conservation and emission reduction in the fourth term and the goal of energy conservation in the activity of "Energy Saving and Low Carbon for 10,000 Enterprises". Since the implementation of the 12th Five-year Plan, energy equaled to a total of 1.627 million tons of standard coal has been saved.





# Intensifying Environmental Management



Ansteel Group has consciously brought energy conservation and emission reduction into corporate development strategies, continued to improve environmental protection regulations and management systems, and enhanced process supervision as well as modification project, sparing no effort to promote the construction of "beautiful China".

## Construction of the environmental protection management system

Ansteel Group has attached much importance to the improvement of the environmental protection management system. The group has constantly improved the environmental protection system, announced and implemented *Ansteel Environmental Protection Regulations*, *Ansteel Energy Saving Regulations*, *Assessment Method of Energy Saving and Emission Reduction Special Performance*, promoted implementation of environmental planning of all levels of the units through the group.

In 2015, Anshan Iron and Steel innovated the program of environmental protection and built an overall framework of environmental protection system, including three systems of environmental protection index system, environmental protection supervision system, and environmental protection responsibility system, as well as six elements. Pansteel specified division of labor to implement responsibility of energy conservation and emission reduction, energy management system construction, energy system diagnosing, and technical service of optimization and energy conservation planning, and explored an innovative pollution emission supervision management system mechanism.

## Case

### The comprehensive environment management platform of Anshan Iron and Steel

The comprehensive environment management platform of Anshan Iron and Steel transformed environmental monitoring ways from traditional manual sampling to automatic detection based on informatization. The platform controlled the overall emission index and promoted the energy conservation and emission reduction work of each production workshop. Besides, the platform improved daily environment governance and provided valid data for actual result evaluation of pollutant prevention measures.

The platform has functions including automatic and manual monitoring facility, video surveillance, SMS platform, basic environmental information management, external information integration management, system management, and analysis of statistics reports. The management module of online automatic and manual environmental protection monitoring was launched in December 2015. Other online functions will come into effect in 2016.



## Enhancing management of environmental impact assessment

Ansteel Group has further enhanced the environmental management of construction projects, specified time schedule, responsible unit, and responsible person, and comprehensively checked and eliminated potential environmental risks and policy risks of construction projects.

Ansteel Group has conducted over 20 environmental assessments on construction projects such as Guangzhou galvanizing line, 60,000 cubic metres oxygen making machine, modification of the three-stage coke oven, Ansteel Industry Exhibition Hall, and organized all units to promote the inspection and monitoring work of environmental protection of over 20 construction projects such as Bayuquan Steel Project, west zone construc-

tion and old factory modification, modification of a central power station, and sintering desulfurization; Pansteel Group organized all units to complete the inspection and monitoring work on projects such as the comprehensive utilization project of Xichang Vanadium and Titanium resources, the new No.3 260 square meters sintering machine of Pansteel, and the titanium sponge project of Chongqing Titanium Industry Co., Ltd. of Pansteel Group, and carried out the new round of environmental impact assessment work of Pansteel 300MW generator set.

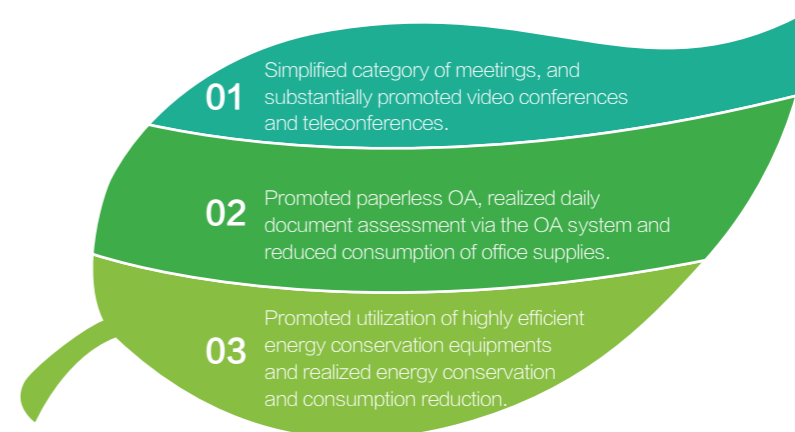
## Improving awareness of environmental protection

Ansteel Group held publicity and training seminars on the new Environmental Protection Law and the new eight emission standards of industrial pollutants in the steel industry, organized a step-by-step examination of the present situation of environmental protection facilities, emission targets, monitoring data, and enhanced the responsibility to meet the targets of environmental protection. Ansteel Group has specified management principles to guarantee the legitimacy and compliance of production and operation, including "repair and modification", "three synchronized measures of environmental protection", "refined management", and "self-supervision" in processes such as production operation

and maintenance of environmental protection facilities management and post operation, and project implementation, etc.

Ansteel Group has adopted multiple ways to conduct trainings on environmental protection to improve employees' awareness of environmental protection and professional skills, and substantially promoted practices of green office and "green development".

### Measures of green office >



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# SAVING ENERGY AND REDUCING EMISSIONS

Ansteel Group has enhanced process supervision, implemented transformation and upgrading, and fully realized the targets of energy conservation and emission reduction during the 12th Five-year Plan Period, with a significant increase in major energy conservation and emission reduction indicators. In 2015, Ansteel Group enhanced investment in energy conservation and emission reduction, with a total investment of 711 million RMB in 51 new projects.

## Energy conservation and consumption reduction

Ansteel Group has continued to promote the implementation of energy performance contracting projects, improved resource usage efficiency and reduced cost, striving to realize the win-win situation between economic benefits and environmental benefits. In 2015, Ansteel Group comprehensively promoted the implementation of energy performance contracting projects, realized energy conservation of 135 thousand tons of standard coals and created profits of 244 million RMB.

### Energy conservation measures of Anshan Iron and Steel

Held competitions of energy conservation and consumption reduction and promoted the elevation of energy targets.



01 Proactively carried out technical exchanges and explored new ways of energy conservation.

02 Enhanced supervision and management of energy conservation and improved the energy management level.

03 Organized assessments for energy consumption of production lines and facilitated the rational energy consumption in grass-root units.

### Case

#### Photovoltaic Power Generation promotes energy conservation

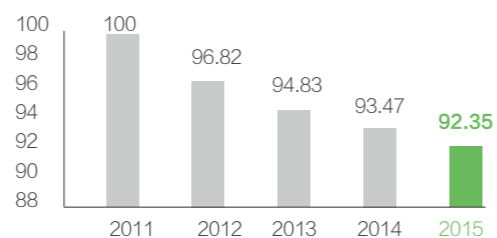
Pansteel Group Xichang Steel and Vanadium Co., Ltd. actively explored ways of new energy application to promote energy conservation and installed 78,830 pieces of photovoltaic components in production plants and idle building roofs, with a total installed capacity of 20MW. Moreover, Xichang Steel and Vanadium Co., Ltd. set up 11 power plant outlets. In 2015, the biggest roof-distributed photovoltaic power generation base in the southwest region was completed and put into production. Since all photovoltaic power plant outlets were connected to the grid system, the annual power generation has reached 21.22 million kWh.

### Big data

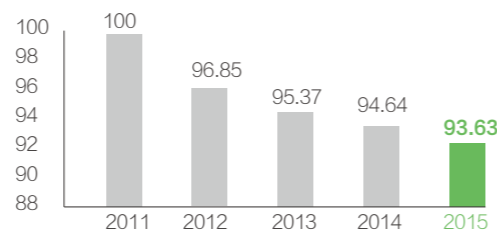
In 2015, the comprehensive energy consumption per ton steel of Ansteel Group reached a year-on-year decrease of 1.93%; The total new water consumption per ton steel reached a year-on-year decrease of 4.16%; The total emission of sulfur dioxide decreased by 34.32 % on a year-on-year base; The total emission of chemical oxygen demand (COD) respectively decreased by 44.30%, nitrogen oxides respectively decreased by 9.74%, and ammonia nitrogen respectively decreased by 48.74 % .

The recycling level of waste heat and complementary energy remained in the leading position of the industry and rose substantially; The total power generated by Blast Furnace Top Gas Recovery Turbine Unit (TRT) per ton iron was 39.6 KWh, a year-on-year increase of 8.88%; The total recovery of Linz-Donawitz Process Gas (LDG) per ton steel was 102.7 m, a year-on-year increase of 8.89%; The releasing rate of Blast Furnace Gas (BFG) was 0.63%, a year-on-year decrease of 39.91% while the releasing rate of Coke Oven Gas (COG) was 0.25%, a year-on-year decrease of 46.68%.

Rangeability of Anshan Iron and Steel Comprehensive Energy Consumption per Ton of Steel (%) (Compared with the Year of 2011)



Rangeability of Pansteel Comprehensive Energy Consumption per Ton of Steel (%) (Compared with the Year of 2011)

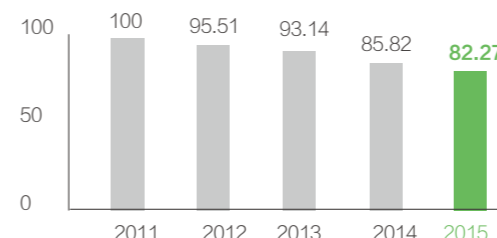


## Water resources management

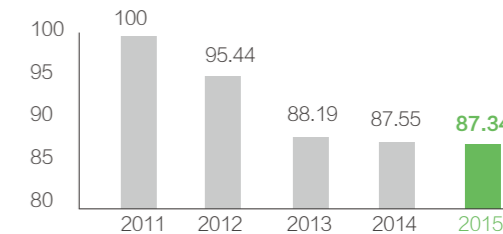
Ansteel Group has constantly improved the water resources management mechanism and effectively reduced water consumption through measures such as science and technology innovation, utilization of water saving-equipment, and enhancement of daily inspection and maintenance management of water

supply network and facilities. Ansteel Group has advocated multiple utilization of water and water recycle, saved water for afforestation, and reduced waste water discharges.

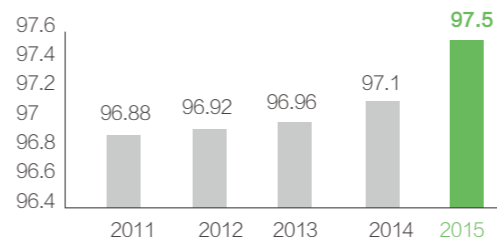
Rangeability of Anshan Iron and Steel New Water Consumption per Ton of Steel (%) (Compared with the Year of 2011)



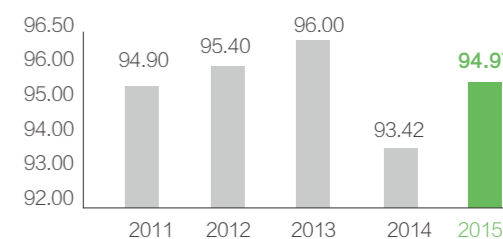
Rangeability of Pansteel New Water Consumption per Ton of Steel (%) (Compared with the Year of 2011)



Anshan Iron and Steel Water Recycling Rate (%) (Compared with the Year of 2011)



Pansteel Water Recycling Rate (%) (Compared with the Year of 2011)



BUILDING A BETTER AND STRONGER LEADING ANSTEEL

BUILDING A TECH-DRIVEN AND INNOVATIVE ANSTEEL

BUILDING AN ANSTEEL OF EXCELLENT OPERATION AND INTEGRITY

BUILDING A GREEN AND ENVIRONMENTAL FRIENDLY ANSTEEL

BUILDING A HUMAN ORIENTED AND HAPPY ANSTEEL

BUILDING A WARM AND HARMONIOUS ANSTEEL





## Utilization of solid waste

According to relevant national laws and regulations, Ansteel Group disposed and discharged solid waste, recycled waste produced during the production process to actively promote circular economy and cleaning production, and improved comprehensive utilization of technology content and added values to build a demonstration enterprise of circular economy.

Based on the "Three Wastes" – industrial wastewater, waste gases and residues, Anshan Iron and Steel has built a circular economy industrial chain, which covers three levels of internal elements of a single manufacturing procedure, the overall manufacturing process of the enterprise, and social enterprise. As a result, the recycle rates of blast furnace slag, steel slag, Fe-bearing dusts, coal ashes, and waste refractory materials reached 100%. In 2015, the Slag Development Corporation was honored "the national environment-friendly enterprise" by China Environment Press and one of its products- Ansteel S95 Ground Granulated Blast Furnace Slag (GGBFS) was honored of "the satisfactory product in Liaoning Province in 2015" by Liaoning Province Association for Quality (LAQ), and User Committee of Liaoning Province.

The Slag Development Corporation has developed a new type of building materials, which is produced with the granulated blast-furnace slag (grain slag) during the steel production

process. The project of carbon-bearing iron ore pellets of Ansteel Group General Industrial Development Co., Ltd. branch company has created a second long-term mechanism of solid waste recycle. With the technology of cold-press ball, iron materials are 100% reclaimed to produce end products used for converter steelmaking in place of steel scrap.

Yongfa Company, the branch company of Ansteel Construction Group Co., Ltd., cooperated with Anshan Plan and Design Institute to develop a new type of high-rise steel structure building materials with abandoned mine tailings. The new type of building materials is characterized by earthquake proofness, environmental protection, energy conservation, high strength, low density, fire proofness, heat insulation, low cost and good durability, etc., which has been successfully applied in DagongBao Residential Community in Anshan City.

## Protecting the blue sky

Anshan Group Corporation has implemented the "Blue Sky" project in a well-organized way, kept on speeding up upgrading and reconstruction of key environmental protection projects, and promoted standard meeting and upgrading of environmental protection facilities.

In 2015, Anshan Iron and Steel completed the transformation work on key projects including the denitration of power generating boilers in No.1 power generation zone, the dust removal transformation of new burning tails, retrofitting of No.3 steelmaking workshop, the denitration of No.1 power generating boiler, the fuel switch project of No.2 boiler, and the integrated transformation of No.3 boiler (including desulfurization, denitration and dust removal) in No.2 power generation zone, and the retrofitting of No.1, No.2 and No.3 dust catchers in No.2 branch refractory plant. Anshan Iron and Steel successively invested 850 million in the pipe transportation project of iron ore concentrate and the raw materials field modification project of iron making plants, reducing 3,000 tons of amorphous dust resulted from raw materials fields and iron ore concentrate powder during transportation. The logistics management center utilized various technologies to gain economic benefits and maintain the ecological balance to the utmost, such as drop and pull transport, GPS tracking, material identification QR code, PDA scanning, eco-friendly LNG car transportation, environmental protection application of bundled reinforcing materials, etc.

Ansteel Mining Group Corp. completed the auditing work of cleaning production of four plants such as Anshan Daqiu Plant, East Anshan Sintering Plant, Anshan Gongqiu Plant, and Anshan Gongxuan Plant. The dust removal and desulfurization project of the Daqiu pellet production

line began in September 2015 and is predicted to be completed and come into production in 2016, with the annual sulfur dioxide reduction of 600 tons and dust emission reduction of 15 tons.

Pansteel Vanadium Power Plant completed the work of building desulfurization system for the 300 MW power generator set, dust removal system transformation during coal charging and coke discharge of No.3 and No.4 coke ovens in the iron making plant, dust removal system transformation during coal charging of No.5 and No.6 coke ovens in the iron making plant, retrofitting of desulfurization facilities of the new No.2 sintering machine in the iron making plant, and retrofitting of vanadium-bearing dust treatment facilities in the Five Oxygen workshop of Pansteel Vanadium Company.

### Case

#### Desulfurization treatment is conducted with the introduction of "the third party" in the market

Having innovated the desulfurization treatment system mechanism, Pansteel Group has made full use of social strengths, resources and advantages and managed to practice the BOO(built-own-operation)-BOT(build-operate-transfer) desulfurization treatment mode. With the investment of the third party, desulfurization facilities of the new No.1, No.2 and No.6 sintering machines were transformed. Consequently, emission of pollutants reaches the national standard and the desulfurization treatment is effectively promoted to proceed in socialization, professionalization and industrialization.



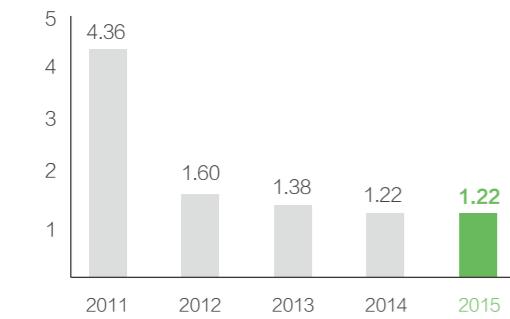


## Recycling waste heat

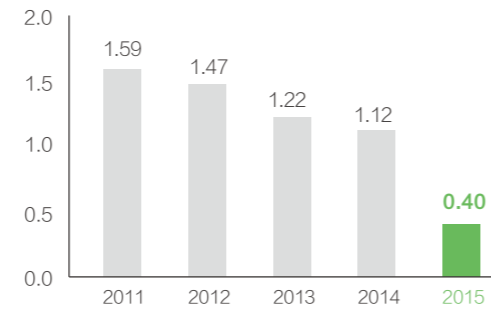
Ansteel Group has conducted special activities to improve the recovery rate of waste heat during production, including TRT power generation, waste heat and complementary

energy power generation, water conservation, zero discharge of coal gas, etc.

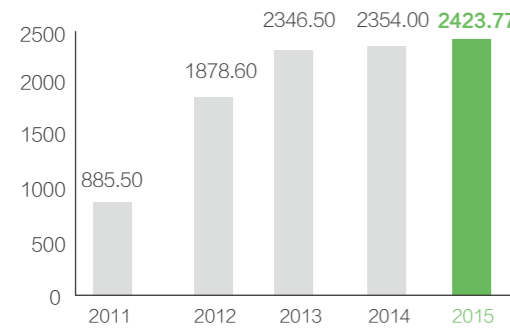
Anshan Iron and Steel Blast Furnace Gas Emission Rate (%)  
(Compared with the Year of 2011)



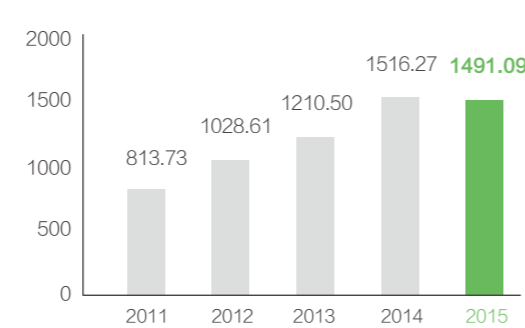
Pansteel Blast Furnace Gas Emission Rate (%)  
(Compared with the Year of 2011)



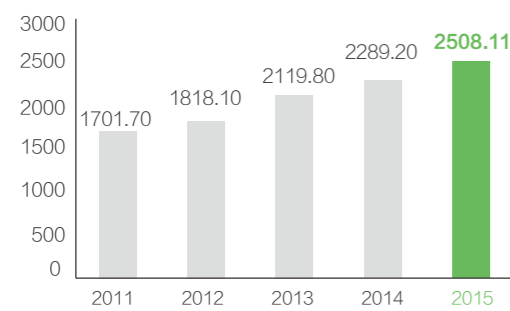
Anshan Iron and Steel Surplus Heat Steam Recovery (10,000 GJ)



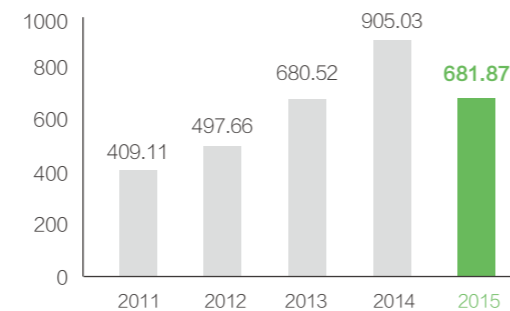
Pansteel Surplus Heat Steam Recovery (10,000 GJ)



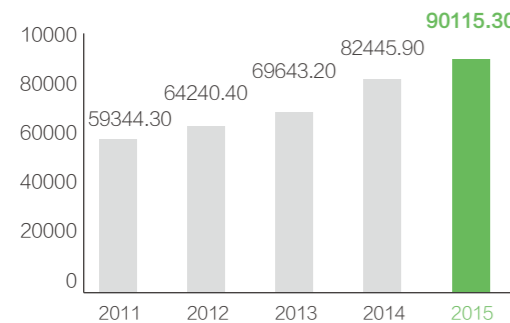
Anshan Iron and Steel Converter Gas Recovery (million m<sup>3</sup>)



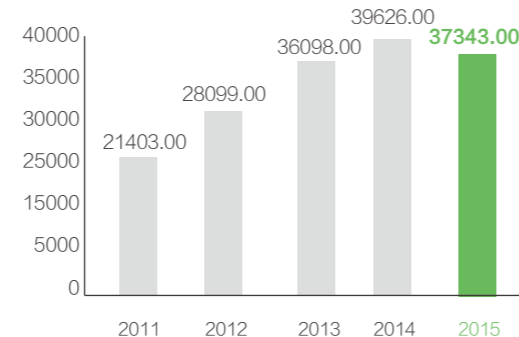
Pansteel Converter Gas Recovery (million m<sup>3</sup>)



Anshan Iron and Steel TRT Generating Capacity  
(10,000 kilowatt - hour)



Pansteel TRT Generating Capacity  
(10,000 kilowatt - hour)



## STRENGTHENING ECOLOGICAL CONSTRUCTION



During production and operation, Ansteel Group has carried out activities of landscape engineering and trees planting and promoted ecological civilization construction.

### Advocating ecological mining

Ansteel Group has conducted large scale activities of field engineering, rock and soil backfill, and greening reclamation in waste rock fields and tailings impoundments in places such as Anshan, Liaoyang, Dalian, and Chaoyang in Liaoning Province and Panzhihua in Sichuan. With various technology innovation results such as the dust covering agent, the pit planting method with wicker baskets, the tree planting method with water and fertilizer-retention bags and tree species optimization, Ansteel Group has resolved problems such as less land, less water, more rocks, and low survival rate of trees, substantially eliminated re-entrainment of dust and water and soil loss, and built a beautiful fruit garden on the riprap.



The glimpse of the mine after mine reclamation of Ansteel Mining Group Corp.

### Boosting the greening of factory areas

Ansteel Group has actively conducted work on tree planting and environment renovation of factories, built a beautiful and environmental-friendly working environment, and boosted the greening of factories.

During recent years, Anshan Iron and Steel has annually invested over 40 million RMB in greenery planning and design, landscape engineering and greenery guarding, and introduced the entertaining and fouling resistant arbor and shrub species. In 2015, Anshan Iron and Steel planted (transplanted) 97.5 thousand arbors (with a survival rate of 99.18%), 284.8 thousand shrubs, and 178.2 thousand hedgerows (with a survival rate of 98.80%). Moreover, Anshan Iron and Steel planted 17,500 ground cover flowers and 18.3 thousand m<sup>2</sup> of lawns. At present, the main factory of Anshan Iron and Steel has approximately one hundred kinds of arbors, shrubs, and cane grasses and 6.8 million square meters of green area, with a green coverage rate of 40.53%.

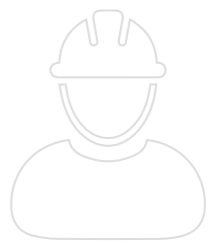
Pansteel organizes employees to carry out tree planting activities every year. In 2015, a total of 3,500 people participated in voluntary tree planting activities. Pansteel demolished unused studios and facility zones and planted 50.4 thousand arbors and shrubs in spare land and slopes of factories, creating a green area of 4.392 thousand m<sup>2</sup>. Pansteel Group Xichang Steel and Vanadium Co., Ltd. was awarded as the National Demonstration Organization for Greening in 2015.





## BUILDING A HUMAN ORIENTED AND HAPPY ANSTEEL

Taking employees as the power and source of corporate development, Ansteel Group respects and cares for them, encourages the diversified development of employees, and jointly builds a happy Ansteel with every member of Ansteel.





# BUILDING AN INNOVATION TEAM



Pioneers of the 3rd Ansteel Youth Innovation Competition



State key laboratory

## 钒钛资源综合利用 国家重点实验室

State Key Laboratory of Vanadium and Titanium Resources Comprehensive Utilization

中华人民共和国科学技术部  
The Ministry of Science and Technology of the People's Republic of China



The world advanced level of physical and chemical monitoring equipment

Ansteel Group has carried out work on collective innovation and efficiency. Taking staff innovation studios and the youth innovation plan as main media, Ansteel Group calls upon employees to make their contribution in their post to turn losses into gains for the company.

Ansteel Group designates high skilled talents, technological and technical pioneers, and models worker as the heads of innovation studios, who are supposed to guide more employees to join in the innovation team. Centered on technological development and quality enhancement, these innovation studios have conducted innovation activities such as technological research and improvement, and transform advanced technologies, methods and results into real production capability, which makes innovation studios play a greater role. With the implementation of innovation activities, innovation studios not only break the boundary of techniques and studios, but also enhance the collaborative breakthrough of the preceding and the following working procedures. Staff innovation studios have created a new pattern of collaborative efforts instead of individual effort.

In 2015, We carried out the practical activity themed "for reform and innovation, the youth go ahead of the rest", announced 971 innovation projects, and established over 300 youth innovation studios. Ansteel Group organized the Innovation Carnival, made the micro-film Innovation by the Youth, and integrated the element of maker into the youth innovation plan. Anshan Iron and Steel set up 45 "youth innovator studios", 21 "youth innovator alliances", and "youth innovator college" to conduct trainings on innovation methods for 403 youth technicians. Besides, Anshan Iron and Steel held 548 Youth Innovator Lecture, promoted 723 innovation results and trained 7,496 people. Pansteel carried out innovation activities that were independently managed by staff themselves and completed 4,849 innovation research projects.

# PROMOTING THE GROWTH OF EMPLOYEES

Ansteel Group has comprehensively deepened the strategy of building strength with talents, strengthened the development of the talent team, innovated the talent development mechanism, and established a platform for employee growth, which provides adequate talents for the development of Ansteel.



## The general target of talent development plan of Ansteel Group in 2020

We will improve and innovate the system and mechanism of talent-oriented development, and attract high level talents to provide a solid foundation for a more competitive and vigorous talent highland. By 2020, We will build a talent team with appropriate scale, rational structure, and good calibre, determine the comparative strength of Ansteel in

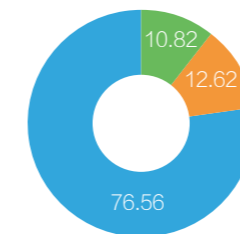
talent competition, and establish a talent highland which bases on Ansteel, leads in the national industry and guides the development of global steel industry, laying a solid talent guarantee for the achievement of strategic development goals in the new stage of Ansteel.

## Staff structure

In 2015, there are 159,630 employees in Ansteel Group.

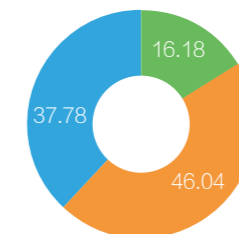
### Position Composition of Employees (%)

- Administrative staff
- Technology professionals
- Production service personnel



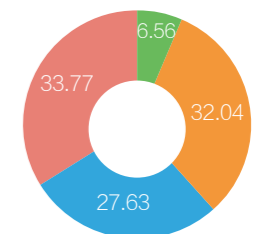
### Professional Rank Composition of Employees (%)

- Senior professional rank and above
- Intermediate professional rank
- Junior professional rank and below



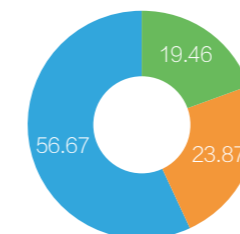
### Skill Composition of Employees (%)

- Technicians and senior technicians
- Senior workers
- Junior workers and below
- Intermediate workers



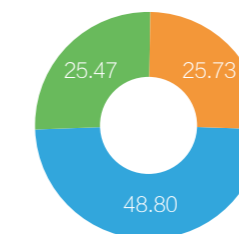
### Educational Background Composition of Employees (%)

- Undergraduate and above
- Junior college
- Below junior college



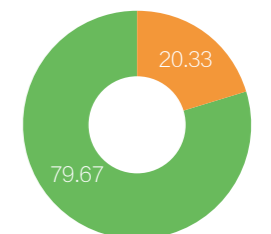
### Age Composition of Employees (%)

- 51 and above
- 36 to 50
- 35 and below



### Gender Composition of Employees (%)

- Male
- Female





## Valuing talent development

Ansteel Group has set up a platform for talent development, cultivated special training programs, and improved the calibre and skills of employees through various ways such as training, post exchanges and shifts, professional title evaluation and professional skill appraisal. In 2015, the expenditure on trainings was 86.93 million RMB and a total of 139.6 thousand employees were trained.

### Professionals and technicians

- Selected 29 employees to attend the financial knowledge course held by Shanghai University of Finance and Economics for further studies;
- Selected 21 employees to attend intensive English courses held by China International Publishing Group (CIPG), and 4 of them passed China Accreditation Test for Translators and Interpreters (CATTI);
- Organized 339 new employees with bachelor's degree or above to attend language trainings;
- Selected 2 employees to attend the senior course of modern steel rolling technique and automatic control technology held by China Iron and Steel Association (CISA) for further studies;
- Selected 6 employees to attend the training course of marine steel;
- Selected 3 employees to attend the senior course of intelligent system and advanced process control held by Liaoning Provincial Department of Human Resources and Social Security for further studies;
- Selected 2 employees to attend the training course of product futures operation and promotion of risk awareness and management in the steel industry;
- Cultivated engineering masters with colleges and universities such as Harbin Institute of Technology and Dalian University of Technology.



### Technicians

- Organized manufacturing and operation personnel to participate in technical trainings, held 430 courses of 9 categories including metallurgy and machinery and the number which trained team leaders, technicians and artisans is amount to 90,000;
- Selected 2 employees to attend the training course for outstanding workshop leaders held by the SASAC;
- Organized 1,687 employees to participate in the first online skill and knowledge competition in the steel industry;
- Conducted the talent selection and recommendation work for the welding technique training course for welders (to America);
- Pansteel held a college technician training course in Tianjin Normal University and trained 34 people.

## Big data

By the end of 2015, Ansteel Group had evaluated and appointed 715 engineering technicians and 280 high-skilled technicians above the third level, including 5 second-level experts, 103 chief engineers and 7 super technicians. We owns 316 research and development personnel and 4 procurement & sales personnel, including 2 chief experts and 5 first-level experts.

### Senior operation and management personnel

- Selected 4 senior management personnel of the group and 11 senior management personnel of secondary enterprises to attend various training courses held by Organization Department of the CPC Central Committee and the SASAC;
- Selected 30 employees to attend the 9th-phase young and middle-aged cadres training course held by the University of Science and Technology Beijing;
- Held 14 rounds of centralized training courses to learn spirits of the Fourth Plenary Session of the 18th CPC Central Committee and series of President Xi's speeches and trained 1,434 people;
- Held 17 rounds of safety training courses and trained 2,446 cadres at and above the level of vice directors;
- Organized 3 rounds of cadre reading courses, CPC history courses, and labor role model reading courses and trained over 150 people;
- Held 66 operation and management courses for further studies and trained 11.7 thousand people.



- Carried out training activities season themed Efficiency Creation in a Hundred Positions and Skill Competition among a Thousand Employees;
- Held staff skill competitions;
- Promoted the activity of "Learn from Li Chao and become an outstanding employee like Li Chao".



Skill competitions organized by Ansteel Group

- Carried out the 6th Pansteel staff technical competition and over 11 thousand employees participated;
- Organized 977 employees to join the 1st network skill and knowledge competition in the steel industry;
- Summarized 200 advanced operation ways of Pansteel employees;
- Carried out various labor competitions, which added up to over 800 items.

## Smoothing the development road

Ansteel Group has improved the talent management system and built four talent teams on R&D, Engineering Technology, Procurement and Sales, and High Skills. Through various channels such as management, professional technology and skills, we have helped employees realize their career planning goals and personal value.

Ansteel Group pays attention to talent selection work from frontline. In 2015, our 25 employees were selected as national and provincial figures or experts in the industry. Among them, one was honored as the Academician of China Engineering Academy; and one talent was honored as the Pioneering Leader of the "National Hundred, Thousand and Ten Thousand Talent Project"; 12 high-level technical talents enjoyed State Council special allowance; and 8 talents were honored as the experts of "Liaoning Hundred, Thousand and Ten Thousand Talent Project".

## Case

### Pansteel created the first National Technician Master Studio

In June 2015, Yue Caidong's Studio of Iron making Plant of Panzhihua Vanadium Steel Co., Ltd. was acknowledged as National Technician Master Studio, which is the only one in Pansteel. The technician master studio integrates technical innovation, efficiency improvement and development of high-skilled talents to work out new research projects, promotes new technologies, cultivates new backbones, and summarizes new achievements, forming a work pattern and development mode, which is characterized by enterprise-domination, master-leading, team-involvement, and collaborative promotion.

As the national technician master, Yue Caidong grasps the unique skill of vanadium-titanium ore smelting with blast furnaces and top-notch techniques. Many of his inventions gained national patents. In particular, Yue Caidong proposed Yue's Iron Notch Operation Method can solve problems of the new No.3 blast furnace iron notch, including low stability, uncontrolled slag and molten iron, and frequent damage of slagging doors, etc. The promotion and application of Yue's Iron Notch Operation Method guarantee the operation stability of blast furnaces and the significant increase in each economic and technical indicator, creating more than 40 million RMB every year.



# GUARANTEEING THE RIGHTS OF EMPLOYEES



Ansteel Group employs workers of different races, nationalities, and genders, with different religious beliefs and from different cultural backgrounds equally and openly. We boycott child labor and slave labor. Moreover, we timely and adequately pay pension, medical care, unemployment compensation, employment injury insurance, supplementary medical insurance, supplementary employment injury insurance and housing fund for employees. Based on different regional characteristics and actual situation, we made planning for staff paid annual vacation, set up the enterprise annuity system for qualified subsidiaries, and improved the guarantee level of staff pension. We also established the distribution mechanism in which staff income and post, individual contribution and corporate profitability were directly connected, multi-leveled remuneration and welfare system, and improved the long term incentive mechanism of key talents. With principles of respect, communication and voluntarily, we legally discharged or terminated labor contracts with 10,370 employees in 2015.

Ansteel Group encourages employees to offer proposals, establishes systems such as general meeting for staff representatives, disclosure of corporate information, and meeting of democratic life to collect employees' opinions and create an open communication environment. In 2015, we held the online activity themed "Propose your suggestion, and make your contribution to help the company get through". Through the activity, 111 thousand suggestions were collected, 48.9 thousand suggestions were effectively resolved, and the other are being processed. We perfected labor unions, labor dispute mediation organizations, promoted equality negotiation and collective contract so that to establish harmonious labor relations.

The establishment rate of labor unions, the enrollment rate of staff, and the labor contract signing rate all reached

# 100%

# CARING ABOUT EMPLOYEES' HAPPINESS

Ansteel Group provides personalized care for staff, and establishes assistance system for disadvantaged employees. We frequently carry out recreational activities to enrich spare life of employees and motivate their passion in the job.

## Caring for female employees

Ansteel Group protects the legal rights and interests of female employees, cares for their wellness both physically and psychologically, advocates equality and equal pay for equal work between men and women, and provides equal development space to motivate them to grow and develop.

**Protection of rights and interests:** Ansteel Engineering Technology Corporation Limited carried out suggestions calling activities for female employees, and collected 157 pieces of advice.

**Medical care:** Organized physical examination for female employees, regularly carried out the general check-up of breast cancer and cervical cancer, provided health insurance and held health lectures to help female employees prevent diseases.

**Greetings in holidays:** On Women's Day and Children's Day, assistance activities were held to help single-parent children, needy children, disabled children and children suffering from serious diseases.

## Caring for employees' life

Ansteel Group promotes the "face to face, heart to heart, and providing practical services" project among the grassroots by paying regular visits to employees with financial difficulties, and does practical things for employees. Ansteel Group urges the improvement of service quality about dining halls, swimming pools and supermarkets, etc., and also regularly visits disadvantaged employees and retirees. The Financial Aid for Schooling in Golden Autumn has given financial assistance of 300.6 thousand RMB to 200 children from low-income employees.

Moreover, we have established and improved the long-term poverty alleviation mechanism, which centers on assistance at five levels. 1,066 person-to-person assistance pairs and 1,761 group-to-person assistance pairs were formed and the assistance rate of impoverished and needy employees reaches over 95%. The group visited over 38.3 thousand employees including labor role models, disadvantaged employees and retirees and gave away consolation, relief and medical treatment special funds of 38.42 million RMB.

## Balancing work and life

Ansteel Group helps employees balance their work and life, enriches their cultural life, and satisfies their spiritual and cultural needs.

- We frequently organize physical activities for employees to enrich their spare life.
- We value the improvement of employees' cultural quality, and conduct cultural and recreational activities such as Lantern Festival riddles and cultural delivery to factories.
- We set up Ansteel Library.

## Case

### A series of celebration activities in honor of the 50th anniversary of Pansteel foundation



Taking the 50th anniversary of foundation as an opportunity, Pansteel stressed the inheritance and promotion of Pansteel spirits, determined the theme as "the eternal

Pansteel spirits", and held the theatrical performance in honor of the 50th anniversary of Pansteel foundation. Moreover, Pansteel conducted selections for Top 10 Pansteel brand products, Top 10 Pansteel technologies, and Top 10 people who moved Pansteel, and held a series of activities including "Let's talk about the eternal Pansteel spirits", testimonials collection for Pansteel's 50th anniversary, "Dream and progress poetry recitation contest", and the speech contest themed "Youth is the most beautiful with sweat-eternal Pansteel spirits".

## Case

### There is a home for the artistic youth in Ansteel



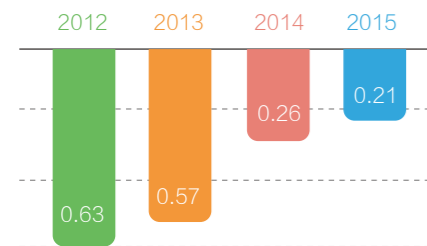
In Ansteel, a lot of young people love literature. In May 2015, we established Ansteel Youth Literature Association in order to guide the youth to better concentrate on literary creation and gather the power of the young literature lovers. Through variety activities such as symposiums, lectures, essay collection, and discussions, we provided the young literature lovers with a broad platform for demonstration, learning and communication.



# STRENGTHENING SAFETY PRODUCTION

Ansteel Group has formulated safety production concepts that "there is no greater thing than life, and there is no greater responsibility than safety responsibility" and safety principles that "equal responsibility for Party and Government, two duties for one post, and negligence liability". With means of targeted responsibility management, the company has adopted production enterprise standardization to implement safety prevention measures so as to realize targets of zero serious production safety accidents and reduction in both accidents and casualties.

Injury rate per thousand people of Ansteel Group (%)



## Enhancing safety foundation

Ansteel Group has established the safety production management system and standardized the targeted safety production responsibility. In 2015, we signed safety production target responsibility agreements with 11 companies in different regions and sectors, and specified control indicators of safety production accidents. Affiliated companies signed safety production target responsibility agreements step by step. Employees made commitment to safety, so that the safety production targets were disaggregated by level.

Ansteel Group deepened inspection and treatment of hidden dangers, improved emergency response capability, and enhanced supervision and governance to elevate the safety protection level.

- We established a graded responsibility system of hidden danger treatment, and disposed hidden dangers with professional and regional responsibility. In 2015, 47.7 thousand hidden dangers were detected and the rate of safety production accidents caused by hidden dangers declined to 75.2% year on year, with a significant improvement in operational conditions.

- We established relevant emergency systems, comprehensive emergency rescue work plan, and conducted emergency response exercises and trainings to improve employees' capabilities about organization, strain and

disposal in face of emergency. In 2015, we invested over 400 thousand RMB, organized 926 emergency exercise, and over 20,700 people participated during the safety production month.



## Cultivating safety culture

Ansteel Group has attached great importance to safety education trainings for employees, innovated training ways of safety education promotion, enriched training content and carried out cultural activities of safety to improve employees' safety awareness and capability. Over 2,500 senior management personnel of Ansteel Group above the level of deputy directors were organized to attend the special training on the new safety law and 17 phases of trainings were organized for senior management personnel of Ansteel above the level of deputy directors. In 2015, we conducted professional trainings for 667 personnel who worked in posts related to radiation. Pansteel held two phases national safety qualification training course, one



phase qualification certificate application and review course for safety production trainers and learnt typical accident cases.

## Cultural activities of safety

- Anshan Iron and Steel organized employees to participate in the Ankaung Cup and the participation rate of studios reached 100%.
- Pansteel held safety knowledge competitions such as the new Safety Production Law knowledge competition and safety production knowledge competition.



## Case

### The mobile safety safeguard wall

Based on practical safety production needs on site and industrial training trends, Ansteel Energy Control Center established training platforms such as training labs, took the initiative to build a series of safety somatosensory training rooms such as electronic motion sensing rooms

and coal gas motion sensing rooms, and provided training models that are visual and easy to learn, understand and grasp. By the end of May, 2015, more than 10 thousand people had been organized to participate in training and 26 serious hidden dangers had been detected.

### Employees occupational health

Attaching great importance to the physical and psychological health of frontline workers, Ansteel Group has actively improved their working environment, enhanced the prevention and control of occupational diseases, improved relevant regulations on occupational hygiene, and persisted in occupational health examinations for pre-job, on-duty and retired employees. As a result, the incidence of occupational diseases declined. Moreover, 28,600 employees were organized to take a summer recuperation leave and the coverage rate of employees' physical examination and occupational health records reached 100%.

ant detection spots, 2,138 noise detection spots, and 1,320 high temperature detection spots. The detection results were released to employees through various ways. Altogether, 30,000 frontline workers were organized to take part in vacation and training activities.

- Anshan Iron and Steel entrusted Ansteel Labor Hygiene Research Institute to conduct occupational hazard factors detection tests in 2,068 dust detection spots, 1,438 toxic-

- The annual qualification rate about toxic dust of Pansteel has reached 95.8%. 24,000 employees were organized to take occupational health surveillance examinations and no new occupational disease case was found. Pansteel built a six-category occupational hygiene document and occupational hygiene document sample, and organized trainings on document building for 333 people.





## BUILDING A WARM AND HARMONIOUS ANSTEEL

Adhering to the idea to consider the situation of the enterprise and pay back the society, Ansteel Group has paid back the society with charity. We have actively participated in the public welfare cause, promoted the development of culture, education, and medical care in communities, deepened overseas operation localization, and carried out fixed-point poverty alleviation and regular charity activities, which makes a contribution to the harmony and sustainability of society. In 2015, we paid 7.495 billion RMB of domestic taxes and donated 1.5162 million RMB to designated areas for fixed-point poverty, public relief, public welfare services, and so on.





# BUILDING A VOLUNTEER TEAM



Members of Communist Youth League of Ansteel have actively carried out the theme activity of "Learning from Lei Feng spirit, following Guo Mingyi". The youth charity team of Guo Mingyi and the youth dedication team have persisted in the implementation of voluntary activities and the promotion of public welfare. We have established youth charity alliances of Guo Mingyi with other enterprises such as China National Petroleum Corporation and explored deepened cooperation in areas such as voluntary services and public welfare. Moreover, we have organized the youth to participate in practices of "Promote the ecological civilization to build a beautiful Ansteel", actively carried out Ansteel youth contribution activity of "The youth shall fulfill their responsibility to build an outstanding Zhuoxiu Park", and successfully completed six landscape construction projects of the Zhuoxiu Park, including Luming Garden, Huicui Hall, Qingliu Bridge, Qicheng Building, Gang Zhirou, and Around-lake Trestle; We have carried out book donation activities and donated 6,400 books to middle schools in poverty-stricken areas of Heihe City, Heilongjiang Province. Besides, we have been involved in carrying out the poverty-alleviation donation activity of Guo Mingyi Charity Fund of the national steel industry and improved the brand influence of Ansteel youth voluntary services.

## Big data

In 2015, there were 27,321 young volunteers, 165 youth volunteer service stations, and 221 youth volunteer service teams in Ansteel. We organized 1,203 voluntary service activities and a total of 27,536 young people to participate in voluntary service activities. 3,312 volunteers donated blood, 197 volunteers donated hematopoietic stem cells, and 36 volunteers donated corneas. We carried out 420 activities of Saturday Voluntary Service Day and 14,825 volunteers participated. We realized 493 pairs of assistance in ways of hand in hand assistance, one-on-one assistance, and many for one assistance.



## Case

### The blood donation superstar helps lives with love

Qian Shouwen is an employee from Real Estate Development Company of Ansteel General Enterprise Development Co., Ltd. He has regularly donated blood for many years, which becomes his routine. Sometimes, he donates blood platelets. Since the first blood donation in 1993, Qian Shouwen has donated blood 26 times, with a total blood donation volume of more than 10,000ml. What's more precious, his blood type is the rare Rh-negative A type, which is commonly referred to as Panda Blood. In the blood donation circle, he enjoys the reputation of panda blood donation superstar.

One man's power is always limited. Qian Shouwen established an Anshan Panda Blood Club to gather all the caring ones in Anshan City to donate blood. In March 2014, Anshan Panda Blood Club founded by Qian Shouwen was renamed as National Panda Blood Donation charity team of Guo Mingyi. The member reaches over 700 people, who are Panda blood donors from all over the country.

## Case

### Care for the border area, books deliver hope

In June 2015, invited by the 2nd Middle School in Sun Wu County, Heihe City, Heilongjiang Province, Guo Mingyi Charity Studio participated in the foundation ceremony of the charity sub-team, donated 6,400 books. Furthermore, Guo Mingyi gave a lecture to all the faculty members and students.

## Case

### Voluntary services conducted by Pansteel are highly appraised

Pansteel has deeply conducted "Learning from Lei Feng Spirit, Following Guo Mingyi". In March 2015, Pansteel organized over 60 volunteers to carry out the voluntary service activities themed in Panzhihua City, which was welcome and highly appraised by the residents. In the special zone of student assistance, Pansteel employees and local residents took away name labels of the sponsored children and donated clothes, books and stationery to 90 children from impoverished households in mountainous areas and Pansteel. By the end of 2015, Pansteel had set up 120 charity teams, held over 1,300 charity activities with approximately 8,000 people participated.

The foundation of the charity sub-team of the 2nd Middle School in Sun Wu County, Heihe City, Heilongjiang Province





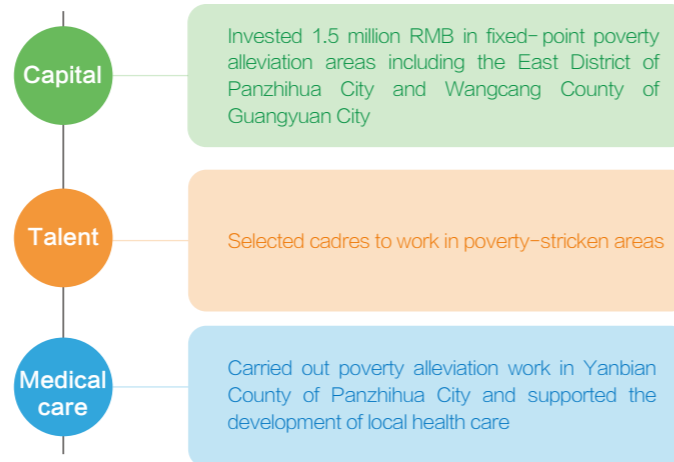
# DRIVING THE COMMUNITY DEVELOPMENT



When Ansteel Group runs business in one place, it brings benefit to the place. With ways such as industrial support and talent assistance, Ansteel Group has conducted poverty alleviation work, and improved infrastructure construction such as local medical care and traffic which helps enhance the self-development ability of communities. Ansteel Group has also persisted overseas operation localization and fulfilled the responsibility as an international corporate citizen.

## Make a new breakthrough in fixed-point poverty alleviation

Taking into consideration actual situation of three poverty alleviation areas including Liupanshui City of Guizhou, Guangyuan City of Sichuan and Panzhihua City of Sichuan, Pansteel has invested funds and human resources in infrastructure construction such as road reconstruction to improve the living and production conditions of local people and promote local economic and social development.



## Achieving a Harmonious Development with Local Communities

In local operation areas, we have tried various ways to integrate into local communities and employed local people to promote local economic and social harmonious development.



### Share Medical Resources, Enjoy Love and Health

Ansteel Group Hospital carried out voluntary medical consultation activity



In September 2015, Ansteel Group Hospital organized directors and academic leaders from the Cardiovascular Center, Brain Center, Department of Nephrology, Department of Gastroenterology, Department of General Surgery, Department of Gynecology, Department

of Orthopedics, and Department of Ophthalmology to participate in the large-scale voluntary medical consultation week activity themed "serving people with medical consultation", which was organized by Health and Family Planning Commission of Anshan.

During the voluntary medical consultation week, Ansteel Group Hospital carried out voluntary medical consultation activities in communities and counties. Ansteel Group Hospital successively assigned 20 renowned experts from different departments and 10 employees to provide medical consultation services for over 500 people. These activities made experts reach out to local residents and provide them with premium medical services.

## Case

### Kindle the light of charity

Anshan Iron and Steel provided support for Shihuiyao Town in Xiuyan County of Anshan City and promoted the development of local economy and society. Anshan Iron and Steel set up a fixed-point poverty alleviation team. With resource advantages of Xiuyan County, the enterprise and the local government made joint efforts to alleviate poverty, and also reached a preliminary intention agreement on aspects such as iron ore product development, agricultural and sideline product base construction. Through the way of technology output, Anshan Iron and Steel sent engineers and technical experts to do research and investigation on site and explore the bottleneck problem that hindered the development of iron ore mining, and guided Xinhua Iron Ore Mine to introduce four magnetic ball grinding mills and a set of advanced equipment to provide technical support for the development of the mining industry in Xiuyan County.

Anshan Iron and Steel supported the construction of livelihood projects of Shihuiyao Town. Anshan Iron and Steel successively invested 300 thousand RMB, built 2 submersible bridges, and improved the local traffic. Anshan Iron and Steel allocates special fund in assistance for needy and low-income households every year. During New Year's Day and Spring Festival of 2015, Anshan Iron and Steel allocated 50 thousand RMB in assistance for low-income and needy households in Shihuiyao Town.

### Overseas Operation Localization

Ansteel Group has always persisted in integrating social responsibility management into internationalization operation, implemented operational concepts of "Building a leading, innovative, honest, green, happy and harmonious Ansteel", and facilitated the coordinated development of local employment, economy and environment. We have long been dedicated to establishing a harmonious relationship with local communities and setting up a good Chinese enterprise image. By the end of March 2016, Ansteel has owned 434 overseas employees, including 39 Ansteel domestic employees and 395 foreign employees.

### Persist in legal operation

We strictly comply with local laws and regulations. In the last twenty years of international operation, no overseas enterprise has ever violated laws in operation. We have built a good corporate image with strong legal awareness and legal operation.

### Standardize overseas employment system

We encourage overseas enterprises to employ local residents. The local employment rate of overseas enterprises reaches 91%. We have tried to maintain the employment proportion of local residents and female employees and provided as many jobs for overseas enterprises as possible.

### Enhance construction of environmental protection

We actively implement the concept of "Green steel", and practice the environmental protection awareness in operation processes of all overseas projects. We have not only created profits, but also enhanced environmental protection, and managed to integrate overseas projects into local economy to earn recognition of local government, community and residents.

# FACILITATING THE CAUSE OF CULTURE AND EDUCATION

A long-term development plan should be education oriented. Through various ways such as student assistance activity during golden autumn, student assistance and book donation activity, and student assistance fund, Ansteel Group has facilitated the educational development of impoverished areas, delivered love and help to children there. In 2015, we donated 273.6 thousand RMB in student assistance and sponsored 589 children.

Anshan Iron and Steel values industrial heritage protection. At present, there are four provincial historic preservation units. Anshan Iron and Steel has formulated 29 relevant regulations and carried out 8 exhibitions such as the exhibition of Li Chao exemplary deeds and the exhibition of Ansteel renowned painter and calligrapher Dong Yang's works. Moreover, Anshan Iron and Steel has held over 20 symposiums on Ansteel constitution, Ansteel culture, and Ansteel role models. Besides, Anshan Iron and Steel has accomplished over 100 major reception tasks.

BUILDING A BETTER AND STRONGER LEADING ANSSTEEL  
 BUILDING A TECH-DRIVEN AND INNOVATIVE ANSSTEEL  
 BUILDING AN ANSSTEEL OF EXCELLENT OPERATION AND INTEGRITY  
 BUILDING A GREEN AND ENVIRONMENTAL FRIENDLY ANSSTEEL  
 BUILDING A HUMAN ORIENTED AND HAPPY ANSSTEEL  
 BUILDING A WARM AND HARMONIOUS ANSSTEEL



# 2016 OUTLOOK



The year 2016 is the first year of the 13th Five-year Plan, and also a critical year for Ansteel Group to reform, survive, transform and develop. Confronted with severe internal and external environment, Ansteel Group has closely combined actual corporate situation, targeted the problems, and deeply tapped corporate operation vitality and efficiency so as to realize our prosperous development.

## Building Frontrunner Ansteel with diversified development

Ansteel Group shall deepen structural reform, perfect group control mode, and promote the adjustment and optimization of regions, industries and structures. We shall improve production techniques, optimize brand structure, and strive to develop new products to constantly improve the efficiency-creating capability of the steel industry. We shall implement operational autonomy of diversified industries, strengthen efforts to develop external markets, and motivate development vitality of diversified industries. Moreover, following the Belt and Road Initiative, we shall improve the internationalization development system, accelerate the transfer of premium production capability, expand overseas business layout, and elevate the capability for transnational operation. We shall deepen the asset management function, strengthen the capability for invalid inefficient assets disposal, and constantly carry out work on invalid inefficient assets disposal. We shall keep on promoting the informatization construction and management and play the role of informatization in aspects including promotion of corporate governance innovation and revolution, lowering costs and increasing production efficiency, improvement of operation and management level and elevation of management efficiency.

## Building Innovative Ansteel with strategic drive

Ansteel Group shall stimulate the potential of science and technology innovation, achieve major breakthroughs in key project implementation, to promote enterprise's core competitiveness. Further we will implement innovation driven development strategy and release corporate innovation vitality. Furthermore, we shall constantly conduct foreign exchanges and cooperation to expand development space and promote collaborative innovation. Besides, we shall improve science and technology innovation management system, enhance on-the-job innovations, promote the construction of staff innovation studios, and guide employees to take their initiatives to make technological inventions and innovation.

## Building Integrity Ansteel with compliance operation

Ansteel Group shall deepen the building of corporate law risk prevention mechanism, legal consultation mechanism, and legal work system, and persist in the promotion of capabilities for compliance management and legal corporate governance. We shall strengthen corruption risk prevention, improve supervision and management system, and innovate auditing management work. We also keep on carrying out the activity of Quality Month, enhance

quality management, improve service level, and provide clients with premium products and services. Besides, we shall make further efforts to build responsibility supply chain.

## Building Green Ansteel with energy conservation and emission reduction

Ansteel Group shall enhance environmental treatment, make constant investment, accelerate the implementation of major energy-saving and emission-reduction projects, and carry on the Blue Sky project in an orderly way. We shall accelerate the upgrading pace of environmental protection projects, promote the ecological civilization construction through ways such as creating ecological mines, utilization of energy conservation and emission reduction technologies, and implementation of green projects and indicator activities. We should also enhance the construction of the basic management system of energy conservation and emission reduction and constantly improve the energy conservation and environmental protection level.

## Building Happy Ansteel with care for employees

Ansteel Group shall improve and innovate the mechanism and system of talent-oriented development, constantly optimize the incentive and constraint mechanism, and innovate the innovation performance appraisal mechanism to fully motivate employees. We shall care for employees' life, do practical good deeds and solve problems for them, constantly promoting the construction of Happy Ansteel. We shall constantly improve the training system and create special training projects to improve employees' post skills. We shall constantly improve the safety production management system that is based on the safety production responsibility system, disaggregate safety production targets level by level, and deepen inspection and treatment for hidden dangers to improve the safety guarantee level.

## Building Harmonious Ansteel with public welfare activities

Ansteel Group shall deepen its cooperation with stakeholders such as the government, other enterprises, financial institutions, research institutes and social organizations constantly elevate the cooperation level, enlarge the cooperation scope, and promote common development of the enterprise and society. We shall facilitate the development of regional economy, promote the development of the culture and education cause, enhance the implementation of regular public welfare activities, and boost harmony, stability and sustainability of society.



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# FEEDBACK FORM

## Dear readers,

This is a report on sustainable development released to the general public by Ansteel Group. 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 on the following issues:

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

Yes       Fairly       No

Does this report make an exact and comprehensive analysis of the relationship between Ansteel Group and other stakeholders?

Yes       Fairly       No

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

Yes       Fairly       No

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

Yes       Fairly       No

What makes the most satisfactory part of this report?

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Is there any necessary information omitted in this report?

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What are your opinions on our report on sustainable development to be released in the future?

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Your Information:

Name: \_\_\_\_\_ Company: \_\_\_\_\_

Position: \_\_\_\_\_ Tel: \_\_\_\_\_ E-mail: \_\_\_\_\_

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