

XVI. Operation Improvement

Supporting Zhanjiang System Capacity Construction

Based on the features of Zhanjiang construction and production preparation stage, the Company comprehensively promoted Zhanjiang system and internal control construction, perfected business and economy authorization and management mechanism, supported organization optimization and performance management and orderly prepared for various system certifications.

Optimizing Organization and Operation Management for Higher Operation Effectiveness

The Company established industry-specified and team-based big customer service model, in order to rapidly respond and meet the packed demands of specific customers, expand service value-added space and improve product value. Also the Company integrated the sales business of hot-rolled plates and heavy plates as well as the technical service management of relevant products, strengthened cooperative sales capacity in hot-rolled plates and heavy plates and promote internal information share and decision speed. While the Company adjusted sales and operation model of spot goods, strengthened adjustment of spot goods and futures and operation of e-commerce platform, intensified the warehouse and logistics management and control of spot goods and improved the storage and delivery efficiency of spot goods.

Optimizing the System Process to Enhance the Operation Capacity

To fulfill the green operation strategy and meet the increasingly rigorous requirements of users for products and hazardous substance management in production process, the Company systematically schemed and organized hazardous substance management system construction in past two years, and established hazardous management procedures and standards centering on the relevant laws, regulations and customer requirements. The Company became the first company of passing hazardous substance management system among national large-scale iron and steel enterprises when the plants and departments directly affiliated to the Company smoothly passed the system certification, thus the Company's brand value was promoted further.

Deepening the Risk Management and Internal Control System Construction

Further strengthened risk dynamics report and perfected the construction of risk prevention and control mechanism. With the analysis of risk warning according to risk trend, established risk prevention and control measures, disclosed risk dynamics to the management personnel quarterly and achieved normalization of key risk supervision and control mechanism. Solidified risk project research achievements, established the relevant evaluation standards, formulated and implemented management systems such as Key Risks Management Maturity Evaluation Management Standard, Tax Risks Management Methods, etc. Meanwhile, the Company established several plans for inventory management such as Raw Materials Inventory Management System, Inventory Emergency Plan for Sales-side under Descending Market Tendency, Emergency Plan for Raw Materials Logistics, and formed a complete process inventory risk monitoring system. On the basis of this, the company was promoting "financial management and daily inventory management and control system" to monitor and analyze the inventory structure and occupied funds in an effort to improve asset operation efficiency.

Steadily promoting information-based construction and perfecting information-based control

Based on the development idea of Germany industry 4.0 and the smart development trend in iron and steel industry, conducted a topic research in smart manufacturing of Baoshan Iron & Steel. Centering on how to comprehensively promote the intelligence degree in manufacturing management with cloud calculation, big data and other network and resource information integration technologies, as well as embedded technology, the Company introduced four objectives "large-scale customizing driven by serving customers, great coordination of manufacture and sales of several manufacturing bases, guide-predict-type intelligent analysis and decision, and improving working environment and style of staff" to achieve three transitions "transiting decision analysis from database to big data center, transiting supply chain from partial cooperation to whole optimization, transiting equipment from automation to intelligence".