

2013

Sustainability Report

BAOSHAN IRON & STEEL CO., LTD.

Sincerity, Friendliness and Creativity
Building Shared Values



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Social Contribution Value per Share

In 2013, the social contribution value per share of Baoshan Iron & Steel Co., Ltd. is RMB 1.796 Yuan:

	Basic earnings per share: 0.350 Yuan/share
+	Taxes paid in the reporting year per share: 0.795 Yuan/share
+	Salaries and wages paid to employees per share: 0.555 Yuan/share
+	Interest on borrowings paid to banks and other creditors per share: 0.095 Yuan/share
+	Outward donations and values created for other stakeholders per share: 0.001 Yuan/share
-	Other social costs arising from environmental pollutions and other incidents per share: 0.000 Yuan/share
	Social contribution per share: 1.796 Yuan/share

Special note: "Value amount created to other stakeholders including donation amount" only includes 1 outward donation.

About This Report

● Our Commitments

The board of directors of the Company and all its members guarantee that this Report is free from any false records, misleading statements or major omissions and hereby undertake individual and joint liabilities for the authenticity, accuracy and completeness of the information contained in this Report.

● Basis of the Report

This report is compiled mainly based on *Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (Version G3)* and *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises CASS-CSR2.0*. Meanwhile, documents including *2009 Report Work Memos of Listed Companies No. 1-Compilation and Deliberation of Internal Control Report and Corporate Social Responsibility Report* issued by Shanghai Stock Exchange, the *Guidance for Compilation of Report of Company Performance of Social Responsibilities* and the *Notice on Strengthening Undertaking of Social Responsibilities by Listed Companies & Release of Environmental Information Disclosure of Listed Companies in Shanghai Stock Exchange* have also been referred to.

● Range of the Report

From January 1, 2013 to December 31, 2013, unless otherwise specified, this report mainly describes business activities involving economy, environment and social work of each production unit included in main business of Baoshan Iron & Steel Co., Ltd. (including company headquarters, Tube, Pipe and Bar Business Unit, Shanghai Meishan Iron & Steel Co., Ltd., Baosteel NSC/Arcelor Automotive Steel Sheets Co., Ltd., Baosteel Huangshi Coating & Galvanizing Co., Ltd. as well as Baosteel Research Institute, Shanghai Baosteel International Economic & Trading Co., Ltd., Shanghai Baosight Software Co., Ltd. and Shanghai Baosteel Chemical Co., Ltd.

CNY is adopted as the unit of the financial data in this report. For the purpose of convenient reference, you may use exchange rate of 1USD=6.0969CNY (1CNY=0.1640USD) for calculation (pursuant to the benchmark exchange rate released by People's Bank of China on December 31, 2013). If euro is adopted, the Company recommends using the exchange rate of 1EUR=8.4189CNY (1CNY=0.1188EUR) for calculation under same standard.

● Language and Publishing Format

This report is published in both Chinese and English. The Chinese version will prevail in the event of any discrepancy between the two versions.

This report is released to the readers by two means, i.e. printing material and PDF files. The PDF file can be downloaded and read from the website of Baoshan Iron & Steel Co., Ltd. (<http://www.baosteel.com/>). In order to reduce environmental influence, we advocate that readers may download and read electronic version as far as possible and we are going to reduce the quantity of printed version year by year.

Recycled paper is adopted for the printed version of this report. In order to save the use of paper, we are controlling the length of the report. For more information that is not included in this report, you may visit the website of Baoshan Iron & Steel Co., Ltd. or read the Company's annual financial statements.

In case of any question about this Report, please contact us by phone or letter at the following address:



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Green Manifesto and Brand Construction



Green Manifesto

Baosteel is a leader of advanced manufacturing technology of China's iron & steel industry as well as a provider of environment-friendly products and services. Meanwhile, Baosteel is also a promoter and practitioner of green iron & steel industrial chain. While promoting the comfortable modern life, of human race, we feel obliged to protect the environment and lower the environmental load. We hereby promise:

- I. Develop the manufacturing technology with high energy efficiency and high resource efficiency; develop and promote products and systems with high energy and resource efficiency; share with the users the advanced idea and technology of environmental design, and provide products and services with high environmental performance.
- II. Compliance with the requirements of environmental protection regulations is our minimum standard. We guarantee not to add substances prohibited by laws and regulations and harming environment and health intentionally during manufacturing. Also, we will lower the adverse influence of products on the environment during service life.
- III. Give priority to the cooperation with suppliers and subcontractors with favorable environmental performance, improve suppliers' awareness and performance in respect to sustainable development, and meanwhile actively provide customers with green solutions and dedicate to building green industrial chain together.
- IV. Release the product environmental statements based on the life cycle evaluation, announce the environmental performance of our core products, and make it convenient for customers and other related parties in comparing the influence of full life cycle of different products.
- V. Actively launch cooperation with the government, enterprises and international corporations, popularize the application of international research findings and synchronously develop with advanced energy-saving and environmental improving technologies of other countries.

It is an unshaken pursuit of Baosteel to lower adverse influence on environment and realize harmonious development of enterprise and environment while improving product performance. Environmental operation will always run through the development strategies, business flow and daily operation of Baosteel. We will explore approaches for sustainable development of the steel industry, shaping brand-new social role and making concerted efforts in constructing a better world.

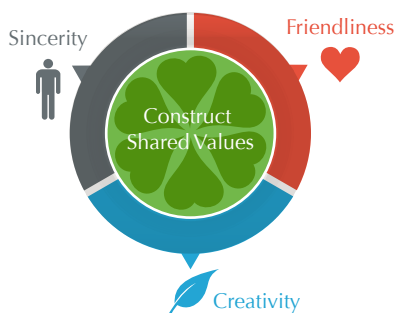
Brand Core Value

Sincerity, Friendliness and Creativity

"Sincerity" is a moral decree naturally followed by Baosteel. We serve sincerely, manufacture honesty, conduct ourselves in society simple, suit action to the word, and abide by the essential standard of humanistic society.

"Friendliness" is a reasonable pursuit of Baosteel to go beyond ourselves. Based on coexistence and common prosperity and starting from heart and people orientation, we consciously pay back to society and nature and realize the meaning of self-existence while creating value for each stakeholder.

"Creativity" is a gene of Baosteel to exist, develop and make breakthroughs in the future. We uphold innovation instead of sticking to tradition and set foot in the international stage to promote technological advancing and reform of commercial model with wise operation idea and continuous new thinking.



Brand Commitment

Construct Shared Values

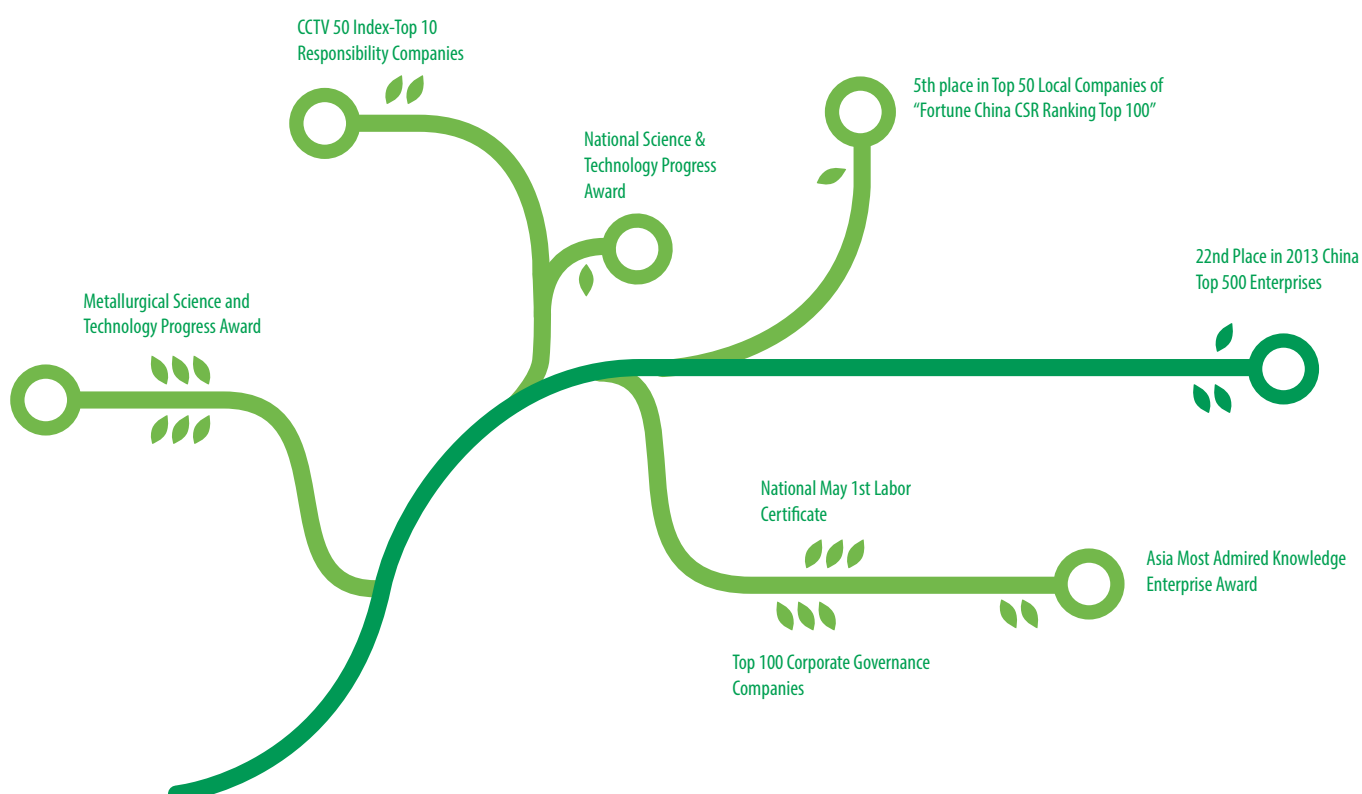
Honors and Awards

Below are some honors granted by all sectors of society to Baoshan Iron & Steel Co., Ltd. in 2013:

Award	Issuing authority
22nd place of "2013 China Top 500 Enterprises"	Fortune China Website
5th place in Top 50 Local Companies of "Fortune China CSR Ranking Top 100" for 3 consecutive years; continuously ranking 1st place among 12 listed local raw material industry companies	Fortune USA (Chinese version)
Highest Credit Rating in Global Iron & Steel Industry	Standard Poor, Moody's and Fitch
Baosteel won "Asia Most Admired Knowledge Enterprise Award" and entered Global Most Admired Knowledge Enterprise Award and thus became the only enterprise in the manufacturing industry of China that obtained this award.	Teleos of Great Britain (a global knowledge management and intellectual capital R&D institution)
<i>Safe and High-efficiency Development Technology and Industrialized Application of Super-large and Super-deep Sulfur-bearing Gas Field</i> obtained National Science & Technology Progress Award (special class). Also, it obtained 1 first prize and 2 second prizes additionally.	State Council
Baosight obtained "Shanghai Mayor Quality Award".	Shanghai Municipal People's Government
Shanghai Baosteel Chemical Co., Ltd. obtained "National May 1st Labor Certificate".	All China Federation of Trade Unions
<i>Advanced High-strength Thin Strip Steel Manufacturing Technology and Industrialization</i> obtained Metallurgical Science and Technology Progress Award (special class). Also, it obtained 1 first prize, 1 second prize and 1 third prize additionally.	China Iron & Steel Association
"Shanghai '11th Five-year' Energy Conservation and Emission Reduction Model Collective"	Shanghai Municipal Development & Reform Commission, Shanghai Municipal Commission of Economy and Informatization, Shanghai Environmental Protection Bureau and Shanghai Human Resources and Social Security Bureau
<i>Development and Industrialization of Low Temperature High Magnetic Strength Oriented Silicon Steel Manufacturing Technology</i> obtained first prize of Shanghai Science and Technology Progress Award. Also, it obtained 2 second prizes additionally.	Shanghai Municipal Science & Technology Commission
Included in United Nations Global Compact 100 Index (GC 100 Index)	United Nations Global Compact
CCTV 50 Index-Top 10 Responsibility Companies	Released in CCTV China Listed Company Summit sponsored by CCTV and co-organized by Listed Company Association
Top 100 Corporate Governance Companies	Ninth China Listed Company Directors & Boards "Gold Round Table Award" sponsored by Periodical Office of <i>Directors & Boards</i>
Baosteel was the only iron & steel enterprises obtaining the title of "Global Annual Supplier" of General Motors in 2012. It was the third time that the Company obtained this title after 2006 and 2011.	General Motors
Baosteel obtained the title of 2012 Most Valuable Supplier Award from Shanghai Hitachi. It was the first time that a domestic iron & steel enterprise was granted this award by Shanghai Hitachi.	Shanghai Hitachi
<i>Practice of Target Cost Oriented Automobile EVI Service Model and Application Study and Practice of Major Account Channel in E-commerce System</i> obtained first prize of 2013 Metallurgical Enterprise Management Modern Innovation Result.	China Iron & Steel Association
Shanghai Baosteel Chemical Co., Ltd. obtained "Shanghai 16th Civilized Unit".	Shanghai Municipal Party Committee, Shanghai Municipal People's Government and Shanghai Municipal Civilization Commission
"Gao Yuqiang Technical Innovation Incubation Studio" was rated as a National Machinery Metallurgy and Building Material System Innovation Studio, and Kong Liming was honored as "National Machinery Metallurgy and Building Material System Gold Medal Model Worker".	National Committee of the Machinery, Metallurgical and Building Materials Workers' Trade Union of China

Meanwhile, as an important holding company of Baosteel Group, Baoshan Iron & Steel Co., Ltd. has made tremendous contributions to the honors obtained by Baosteel Group:

Award	Issuing authority
Baosteel was granted with "Chinese Charity Award · Most Caring Donation Enterprise" (Eighth) for the fifth time.	Ministry of Civil Affairs
Baosteel was again selected in "World's Most Admired Companies 2013" released by <i>Fortune</i> . Besides, it was again selected as the most admired company in metal industry.	<i>Fortune</i> USA
15th place in "China's Most Admired Companies". It was the only iron & steel enterprises awarded.	<i>Fortune</i> USA (Chinese version)
222nd place in Fortune 500 and 6th Place in Iron & Steel Enterprises for 10 consecutive years	<i>Fortune</i> USA
30th place of China's Top 500 Most Valuable Brands	World Brand Lab
30th place of Top 500 Chinese Enterprises in 2013	China Enterprise Confederation and China Entrepreneur Association
2nd place of "Shanghai Top 500 Enterprises"	Shanghai Enterprise Confederation, Shanghai Entrepreneur Association and Shanghai Federation of Economic Organizations



Message from Top Management

In 2013, the Company went deep to launch Party mass line education practice activities focusing on doing practical and honest things for people. Closely centering on the strategic objective of "Becoming the most competitive global iron & steel enterprise and a listed company with most investment value", the Company tightly combined the stages objectives of the new round planning stage with the budget plan of 2013. All cadres and employees forged ahead and outperformed the planned staged objectives and annual budget objective to realize best business performance in the industry.

In 2013, the production of iron and steel was totaled 21,220,000 t and 22,000,000 t respectively. The sales of finished products and billets reached 21,993,000 t. It realized a profit of RMB 8.01 billion Yuan, and business revenue of RMB 190.03 billion Yuan.

The annual energy consumption was 13,770,000 t of standard coal, the comprehensive energy consumption per ton of steel decreased by 1 kg standard coal from the annual goal, and the sulfur dioxide emission reduced by 904 t tons from the annual goal.

Ratio of R&D investment, ratio of new product sale and the best rate of newly tried products were 1.92%, 20.32%, and 30.6% respectively. The Company filed the application for 1093 pieces of patents, among which the invention patents accounted for 55%. Also, the Company applied for 31 international patents.

The annual investment on fixed assets totaled RMB 7.46 billion Yuan (not including Zhanjiang). Key projects including Phase III Silicon Steel, No. 3 Blast Furnace Overhaul, New No. 4 Sintering Machine and No. 5 Continuous Casting Machine Comprehensive Reconstruction Project of Direct Plant Headquarters, Precision Steel Pipe Plant Relocation Project of Tube, Pipe and Bar Business Unit and Cold Rolling Phase II Reconstruction and Expansion Project of Huangshi Company were constructed and put into operation successively, thus creating conditions for improvement of the business operation of the Company.

In terms of the capital market, the Company completed stock repurchase in May 2013. A total amount of RMB 5 billion Yuan was spent accumulatively. The Company repurchased and wrote off 1,040,000,000 shares; in December 2013, the Company issued 500 million offshore USD debts. Since innovative deal structures like issuance of liquidity supporting promise by the Company, the bond issue cost was significantly reduced.

In 2013, the Company obtained highest credit rating in global iron & steel industry. Standard & Poor, Moody's and Fitch gave A-, A3 and A- long-term enterprise credit ratings with rating expectation of "Stable". The Company was selected as "Fortune China CSR Ranking Top 100" and "2013 China Top 500 Enterprises" in *Fortune* China Website; also, the Company defended a championship of "Asia Most Admired Knowledge Enterprise Award" and thus became the only enterprise in the manufacturing industry of China that obtained this award; furthermore, the Company was selected as CCTV 50 Index-Top 10 Responsibility Companies. *Development and Industrialization of Low Temperature High Magnetic Strength Oriented Silicon Steel Manufacturing Technology* obtained first prize of National Science & Technology Progress Award.

In 2014, the general management guideline of the Company is "One Body and Two Wings, Coordination of Three Places, and Innovation and Reform to Pursue Development; Differentiated Competition, Cost Improvement and Lean Operation to Create Good Performance"; the general management objective is to realize total operating revenue

of RMB 19.5 billion Yuan, sales volume of exclusive leading products exceeding 12,000,000 t, and comprehensive energy conservation volume of 100,000 t standard coal as well as make sure the performance of the Company is leading in the domestic industry and guarantee precise progress of Zhanjiang engineering project.

Centering on the general management guideline and objective in 2014, the Company will attach great importance to the following tasks:

1. **Improve system capacity and further strengthen safety management.** Concentrate on crucial points and make breakthroughs in coordinated safety, capacity improvement and effective implementation; act quickly to comprehensively implement the requirements of "One Post and Two Responsibilities", promote the forwarding of focus on safety management, strengthen process management and comprehensively start safety action plan; implement strict management, seriously practice accident accountability management, look into safety performance neglect behaviors and reinforce strict process management.
2. **Promote leader plan and comprehensively improve technical innovation level.** Practice technologically leading strategies, enhance research and development of initially released products and technologies and realize the transformation from following strategies to leading strategies; reinforce the profound cooperation of production-university-research, fully utilize domestic and foreign technological resources, expand production-university-research strategic cooperation channels and continuously improve the core capacity of the Company; strengthen technical innovation and coordination, realize quick coverage of advantaged technologies, and improve the overall technical capacity of the Company.
3. **Boost driver plan and build clean factories.** Improve the stability and economical operation of energy system; further improve the environmental protection level from four aspects including implementation of commitments to national energy conservation and emission reduction objectives and fulfillment of new national standards, new round of planning of the Company, local clean atmosphere action plan and internal continuous improvement of the Company; promote the research, development and application of energy saving and environmental protection technologies.
4. **Carry forward a common growth plan and reflect humanistic care.** Complete motivation mechanism and improve the effectiveness of remuneration motivation; continuously improve management efficiency and labor efficiency; vigorously promote the improvement of employee ability; establish a high-level management team; improve the specialization level of coordination team.
5. **Make concerted efforts and construct "Dream Works" of Zhanjiang Iron & Steel.** Effectively and orderly construct Zhanjiang engineering project; properly conduct system matchmaking and improve future competitiveness according to the strategic positioning of Zhanjiang Iron & Steel; make plans for product optimization and development and launch the operation preparations of Zhanjiang Iron & Steel according to the operation planning of the



Board Chairman: He Wenbo



Director & General Manager: Dai Zhihao

Company and the construction progress of Zhanjiang Iron & Steel.

6. **Strengthen coordination and improve overall manufacturing capacity.** The direct plant headquarters shall exceed process bottlenecks and realize balancing of production and sales; Shanghai Meishan Iron & Steel Co., Ltd. shall spare no effort to solidify business performance; Tube, Pipe and Bar Business Unit shall accelerate performance improvement, combine the changes of market demands and economically and orderly organize mutual material supply.
7. **Dig the potential, enhance efficiency and strictly control various expenditures.** Improve the price contribution in purchase market and sales market; strengthen the project delicacy management of various costs; continuously promote the metal balance management of the Company;
8. **Strengthen customer orientation and realize service transformation.** Promote the enterprise operation mechanism centering on customers; improve technical service capacity; go deep to promote EVI; optimize product sales structure.
9. **Make innovation in commercial model and establish future competitive advantages.** Launch management innovation and realize low-inventory operation; actively participate in the construction of Shanghai Free Trade Zone; deepen e-commerce application; cultivate Internet financial industry.
10. **Accelerate overseas strategic layout.** Explore the upstream extension of supply chain; promote the overseas development of main business of iron & steel; accelerate the construction overseas processing center; deeply explore overseas market.
11. **Improve asset quality and value creation level.** Run value creation through the whole process of company operation management, integrate and dispose low-efficiency and ineffective assets, promote the centralization of various resources in the main business of iron & steel and advantaged fields, and improve asset quality and value creation level.
12. **Optimize ownership structure through multiple channels and complete corporate governance.** Take the op-

portunity of reform of state-owned enterprises, actively pursue and introduce diversified strategic investors, optimize ownership structure, better corporate governance structure and improve long-term competitiveness and capital market performance of the Company.

In 2014, as far as iron & steel industry is concerned, China's iron & steel consumption has entered a peak stage. The decline of growth speed has already become an indisputable fact. Meanwhile, the macro economic environment also has higher requirements and severer challenges for the development of the iron & steel industry as well as decided the long-term performance of meager profit operation of the iron & steel industry. Facing the uncertainty existing in macro operation environment, the dilemma of excess production capacity and meager profit operation of the iron & steel industry, and multiple pressures and challenges existing in internal production operation of the Company, we must come down to earth, earnestly implement enterprise operation and construction and transformation of Zhanjiang project, continuously center on linkage of purchase and sale, co-ordination of production and sales, differential competition and cost improvement, strengthen lean operation, continuously improve the business performance of direct plant headquarters, Shanghai Meishan Iron & Steel Co., Ltd. and Tube, Pipe and Bar Business Unit, comprehensively complete annual operation tasks issued by the group company, realize planned staged objectives and continuously maintain the best operation performance in the industry under correct leadership of the group company and according to "Stick to the general working style of seeking improvement in stability under a depressed iron & steel market environment" requested by Board Chairman Xu Lejiang and "Continuously keeping stable operation strategies" proposed by General Manager He Wenbo.

Board Chairman:

Director & General Manager:

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Capital Stock Changes and Shareholders

● Capital Stock Changes

Table of Changes of Capital Stock

Unit: Share

	Before this change		Increase or decrease of this change (+, -)					After this change	
	Qty	Ratio (%)	Issuance of new share	Stock dividend	Share transfer of accumulation fund	Others	Subtotal	Qty	Ratio (%)
I. Shares of limited sales condition									
II. Circulating shares of unlimited sale condition									
1. RMB common stock	17,122,048,088	100				-650,323,164	-650,323,164	16,471,724,924	100
2. Foreign share listed at home									
3. Foreign share listed overseas									
4. Others									
III. Total	17,122,048,088	100				-650,323,164	-650,323,164	16,471,724,924	100

Instructions to Changes of Shares

The Company implemented stock repurchase from September 21, 2012 to May 21, 2013. The total quantity of stocks repurchased reached 1,040,323,164. After deduction of 390 million shares already canceled in 2012, the remaining 650,323,164 shares were canceled in 2013. The general stock was decreased from 17,122,048,088 shares to 16,471,724,924 shares. The shareholding ratio of Baosteel Group Corporation increased to 79.71%.

Shareholders and Actual Controller

Number of Shareholders and Shareholding Conditions of Top 10 Shareholders

Unit: Share

Total number of shareholders at the end of report period	485,002	Total number of shareholders at the end of the 5th trading day before date of disclosure of annual report	484,877
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Shareholding Conditions of Top 10 Shareholders

Name of shareholder	Nature of shareholder	Shareholding ratio (%)	Total shares held	Increase/decrease within report period of total shares	Quantity of shareholders held with limited sale condition	Quantity of shares pledged or frozen
Baosteel Group Corporation	State-owned	79.71	13,128,825,267	0	0	None
China Merchants Bank Co., Ltd. – Advantaged Configuration Stock-type Security Investment Fund of Everbright Pramerica Fund	Unknown	0.30	50,119,409	50,119,409	0	None
Huaxin Trust Co., Ltd.	Unknown	0.30	49,351,100	49,351,100	0	None
CSOP Asset Management Limited – SOP FTSE China A50 ETF	Unknown	0.22	36,850,393	2,111,529	0	None
Morgan Stanley Investment Management Limited – Morgan Stanley China A Share Fund	Unknown	0.17	28,440,196	16,301,096	0	None
Bank of China Limited – Jiashi CSI 300 Index Trading Securities Investment Fund	Unknown	0.16	26,586,542	-14,124,108	0	None
China Life Insurance Company Limited – Dividend – Individual Dividend – 005L – FH002 Shanghai	Unknown	0.16	25,675,561	19,503,261	0	None
Fidelity Investments Management (HK) Ltd. – Client Fund	Unknown	0.15	23,885,583	21,936,083	0	None
UBS AG (also known as UBS Group)	Unknown	0.14	23,883,051	-11,562,104	0	None
Industrial and Commercial Bank of China – UBS SDIC Core Enterprises Stock Fund	Unknown	0.14	23,590,000	23,590,000	0	None

Shareholding Conditions of Top 10 Shareholders with Unlimited Sale Condition

Name of shareholder	Quantity of shares held with unlimited sale condition	Type and quantity of shares
Baosteel Group Corporation	13,128,825,267	RMB common stock
China Merchants Bank Co., Ltd. – Advantaged Configuration Stock-type Security Investment Fund of Everbright Pramerica Fund	50,119,409	RMB common stock
Huaxin Trust Co., Ltd.	49,351,100	RMB common stock
CSOP Asset Management Limited – SOP FTSE China A50 ETF	36,850,393	RMB common stock
Morgan Stanley Investment Management Limited- Morgan Stanley China A Share Fund	28,440,196	RMB common stock
Bank of China Limited – Jiashi CSI 300 Index Trading Securities Investment Fund	26,586,542	RMB common stock
China Life Insurance Company Limited – Dividend – Individual Dividend – 005L – FH002 Shanghai	25,675,561	RMB common stock
Fidelity Investments Management (HK) Ltd. – Client Fund	23,885,583	RMB common stock
UBS AG (also known as UBS Group)	23,883,051	RMB common stock
Industrial and Commercial Bank of China – UBS SDIC Core Enterprises Stock Fund	23,590,000	RMB common stock

Instructions to Associations or Acting in Concert of Shareholders above

The fund manager of Industrial and Commercial Bank of China- UBS SDIC Core Enterprises Stock Fund is UBS SDI Fund Management Co., Ltd. UBS AG holds 49% of stock rights of UBS SDI Fund Management Co., Ltd. The Company is not aware whether associations or persons acting in concert stipulated in *Measures for the Administration of the Takeover of Listed Companies* exist among other shareholders mentioned above.

Introduction to Holding Shareholder and Actual Controller

Holding Shareholder

Name of shareholder	Baosteel Group Corporation
Legal representative	Xu Lejiang
Date of establishment	November 17, 1998
Registered capital	RMB 52.791 billion Yuan
Main business or management activities	Baosteel Group Corporation is an organization invested with the authorization of the state as well as state-owned holding company. The Group mainly deals with state-owned assets within scope of authorization of the State Council and launches relevant investment business; business related to iron & steel, metallurgical mineral products, chemical engineering (except dangerous articles), electric power, wharf, warehousing, transportation and iron & steel as well as technical development, technical transfer, technical service and technical management consulting business, import and export business approved by Ministry of Foreign Trade and Economic Cooperation, domestic and foreign trade (except special regulations) and its services.

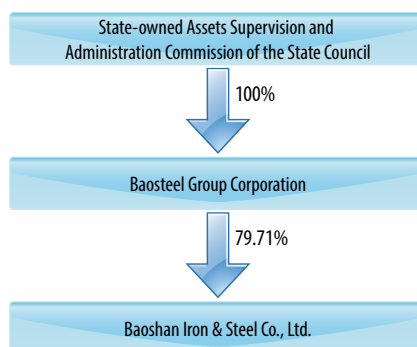
Actual Controller

The actual controller of the Company is State-owned Assets Supervision and Administration Commission of the State Council.

Changes of Holding Shareholder and Actual Controller

The holding shareholder and actual controller of the Company within this report period didn't change.

Property and Control Relation between Company and Actual Controller



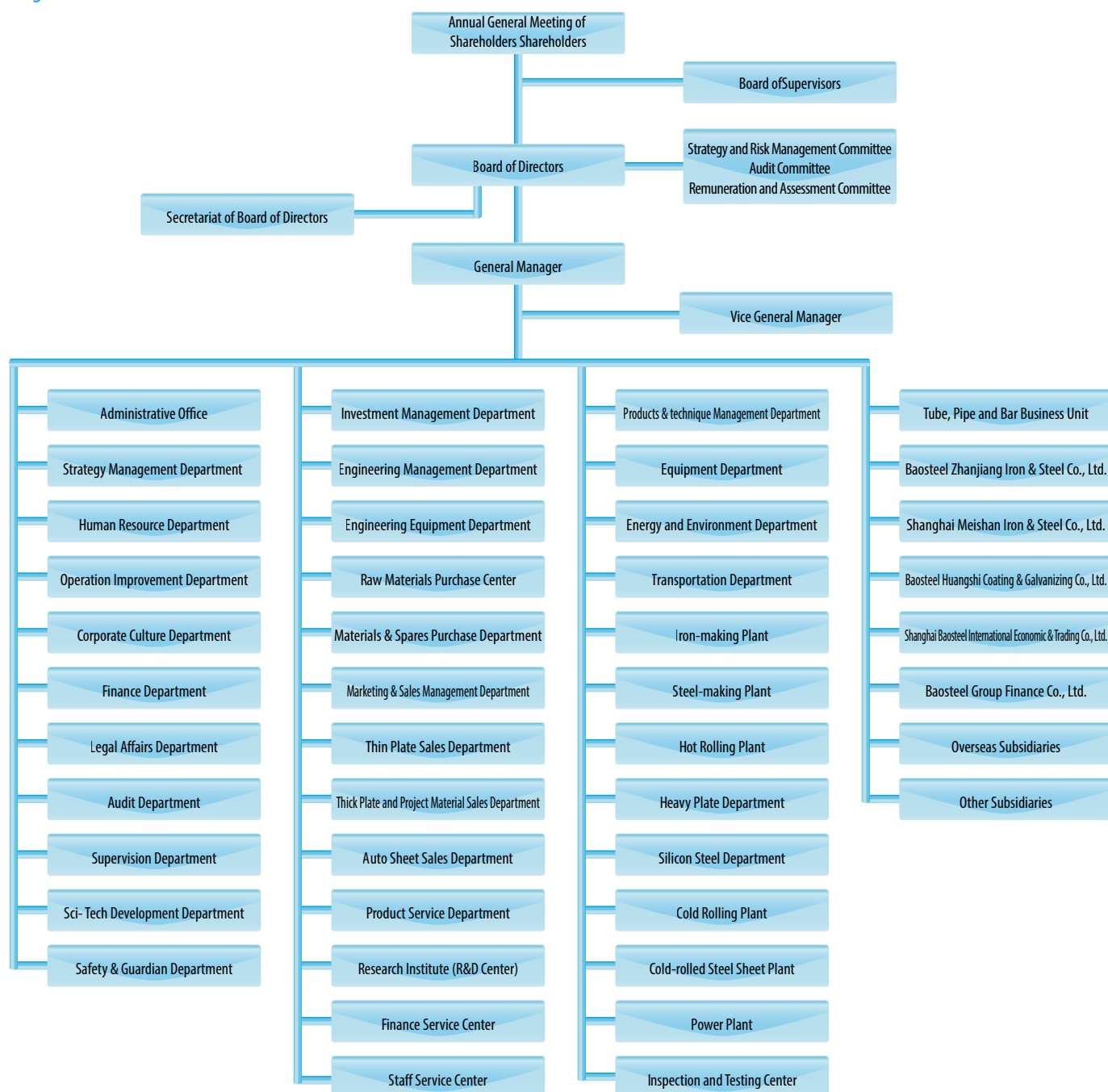
Other Institutional Shareholders Holding More than 10% of Shares

The Company had no other institutional shareholder holding more than 10% of shares at the end of this report period.

06

Structure and Governance

● Organization Structure



In order to improve effectiveness and operational efficiency of customer service and practice service transformation, Product Development Department is thus renamed as Product Service Department so as to adjust functions and implement overall planning and centralized management of customer relations and services.

To simplify management interface, improve package solution capacity, and further complete thick plate and project material sales management, Thick Plate Sales Department and Project Material Sales Department are thus combined to form Thick Plate and Project Material Sales Department.

Current Directors, Supervisors and Executives

Current Directors, Supervisors and Executives

Name	Post	Sex	Age	Starting date of tenure	Ending date of tenure
He Wenbo	Board chairman	Male	58	April 27, 2012	April 30, 2015
Dai Zhihao	Director General manager	Male	50	August 8, 2013 July 22, 2013	April 30, 2015
Zhao Zhouli	Director	Male	57	April 27, 2012	April 30, 2015
Zhu Junsheng	Director	Male	53	April 27, 2012	April 30, 2015
Wang Li	Director	Male	57	April 27, 2012	April 30, 2015
Bei Kewei	Director	Male	56	April 27, 2012	April 30, 2015
Huang Bijuan	Independent director	Female	52	April 27, 2012	April 30, 2015
Huang Yuchang	Independent director	Male	58	April 27, 2012	April 30, 2015
Liu Wenbo	Independent director	Male	45	April 27, 2012	April 30, 2015
Xia Dawei	Independent director	Male	60	April 26, 2013	April 30, 2015
Liu Zhanying	Chairman of board of supervisors	Female	58	April 27, 2012	April 30, 2015
Guo Bin	Supervisor	Male	42	April 27, 2012	April 30, 2015
Wu Kunzong	Supervisor	Male	42	April 27, 2012	April 30, 2015
Lin An	Supervisor	Male	57	April 27, 2012	April 30, 2015
He Meifen	Supervisor	Female	49	March 19, 2013	April 30, 2015
Li Yongxiang	Vice general manager	Male	53	April 27, 2012	April 30, 2015
Zhou Jianfeng	Vice general manager	Male	50	April 27, 2012	April 30, 2015
Wang Jing	Vice general manager	Female	50	April 27, 2012	April 30, 2015
Feng Taiguo	Vice general manager	Male	51	August 27, 2012	February 10, 2014
Chu Shuangjie	Vice general manager	Male	49	August 27, 2012	April 30, 2015
Hou Angui	Vice general manager	Male	41	July 22, 2013	April 30, 2015
Zhu Kebing	Financial director Secretary of the board	Male	39	August 27, 2012	April 30, 2015

Note: The ending date of tenure is in line with the date when the annual shareholder meeting of the Company is to be held in 2015.

Employment or Dismissal of Directors, Supervisors and Senior Management Personnel

Name	Post	Change	Reason of change
Dai Zhihao	Director and general manager	Employed	Newly employed in 2013
Xia Dawei	Independent director	Employed	Newly employed in 2013
He Meifen	Supervisor	Employed	Newly employed in 2013
Hou Angui	Vice general manager	Employed	Newly employed in 2013
Ma Guoqiang	Director and general manager	Resigned	Resigned
Zhang Pijun	Supervisor	Resigned	Resigned

Annual Remuneration

According to the stipulations set out in relevant regulations of the Company including *Measures for Management of Performance Evaluation of Senior Management Personnel* and *Measures for Management of Remuneration of Senior Management Personnel* and based on performance evaluation results of directors, supervisors and senior management personnel in current assessment year, the Company verified the total amount of remuneration of directors, supervisors and senior management personnel (before tax, same as below) as RMB 17,224,700 Yuan (the payment of a part of limit is delayed). See the following table for details:

Unit: RMB 10,000 Yuan

Name	Post	Remuneration verified by the Company in current assessment year (before tax)	Include: Delayed payment	Instructions to remuneration obtaining period of employees not obtaining remuneration from the Company all year long	Total amount of payable remuneration from shareholders (10,000 Yuan)
He Wenbo	Board chairman	–			Note
Dai Zhihao	Director and general manager	150.27	36	August-December 2013	38.73
Zhao Zhouli	Director	–			Note
Zhu Junsheng	Director	170.1	32		
Wang Li	Director	–			Note
Bei Kewei	Director	35.0	–		
Huang Bijuan	Independent director	35.0	–		
Huang Yuchang	Independent director	35.0	–		
Liu Wenbo	Independent director	35.0	–		
Xia Dawei	Independent director	23.3	–	May-December, 2013	
Liu Zhanying	Chairman of board of supervisors	–			Note
Guo Bin	Supervisor	–			Note
Wu Kunzong	Supervisor	–			Note
Lin An	Supervisor	–			Note
He Meifen	Supervisor	97.1	–		
Li Yongxiang	Vice general manager	170.1	32		
Zhou Jianfeng	Vice general manager	170.1	32		
Wang Jing	Vice general manager	170.1	32		
Feng Taiguo	Vice general manager	162.0	28		
Chu Shuangjie	Vice general manager	178.2	32		
Hou Angui	Vice general manager	140.0	15		
Zhu Keping	Financial director and secretary of the board	151.2	28		
Ma Guoqiang	Resigned director & general manager	–		January-September, 2013	Note
Zhang Pijun	Resigned supervisor	–			Note
Total		1722.47	267		

Note: Since the Company, shareholders or superiors of shareholders haven't completed performance assessment and remuneration settlement of 2013, relevant information cannot be disclosed.

The annual allowance standard of external supervisors served by personnel beyond independent director and controlling shareholder is RMB 350,000 Yuan (before tax). Besides, travel expenses and boarding fee incurred by directors, supervisors and senior management personnel when participating in meetings of board of directors, board of supervisors and annual general meeting of shareholders are undertaken by the Company.

Management Innovation

System and Risk Management Building

Actively promote environmental operation and continuously fulfill the requirements of market and society. Go to know the current conditions of iron & steel industry and management system standards by organizing visits to users like home appliance enterprises, plan the launch of hazardous substance management system promotion work of the headquarters, introduce QC080000 standard, determine the scope and contents of management system, and explore solid and operable running modes.

Enhance the construction of energy management system. Explore and establish the operation of energy management Five-layer Analysis Method, strengthen the combination of energy management and energy metering management, and timely modify energy metering management standard based on the issuance and certification of ISO50001. The Company draft national standard of "Guidelines for Implementation of Energy Management System in Iron & Steel Industry" representing iron & steel industry and reflect the leading role of a first-class enterprise.

Implement the work of "exploring and establishing product environmental performance systematic management mode" in the green product marketing plan, make clear of the management responsibilities, flow and system of "product environmental statements", and promote dynamic management of "Environmental Harmful Product Manual of Baosteel".

Strengthen the monitoring of environmental protection risks. Complete the monitoring and early-warning mechanism of environmental protection risks by establishing and perfecting a regional environmental protection performance comprehensive evaluation index system. Give comprehensive consideration to the environmental protection supervision of each area, plant appearance greening supervision, implementation of regional responsibility system, "Three Simultaneities" of environmental protection work of construction project and environmental monitoring compliance. Comprehensively evaluate the overall status of environmental protection of each responsibility area, and implement rating of color blocks on a regular basis according to the evaluation results and risk level. As for responsibility units with grade of color blocks not reaching green, requirements will be enhanced and regular tracking will be implemented. As a result, the environmental protection management performance of the Company will be comprehensively enhanced on this basis.

Prepare environmental protection risk management monitoring report, plant appearance greening inspection notification, etc. on a regular basis to further standardize the guiding role of evaluation and risk management; launch the reinforced management of water quality of plant protection river and implement dust unorganized emission special monitoring, plant appearance special monitoring, etc.. Promote the completion of regional responsibility system and environmental monitoring system and ensure the high-efficiency operation of environmental management system of the Company; boost the stable operation of resource utilization system of the headquarters and reinforce overall logistics management and control of solid wastes; stably promote the construction of environmental protection online management platform so as to provide approaches for further standardization and improvement of environmental protection management mode and level.

Practice of Target Cost Oriented Automobile EVI Service Model and Application Study and Practice of Major Account Channel in E-commerce System obtained first prize of 2013 Metallurgical Enterprise Management Modern Innovation Result.

Meanwhile, perfect environmental pollution emergency plan and launch site emergency plan practice. Prepare and complete *Environmental Pollution Emergency Plan of Baoshan Iron & Steel Co., Ltd.* and timely file to the emergency office of Shanghai Environmental Protection Bureau; in order to actively respond to the clean air action plan of Shanghai, the preparation of air quality heavy pollution weather emergency plan of Baosteel is launched. On June 21, 2013, joint emergency practice was carried out with relevant units inside the Company on the scene of environmental pollution emergency of purified petroleum benzene shipping leakage accident on grain slag product wharf of Baosteel, thus effectively improving employees' environmental protection awareness and response and disposal capacity of emergency team.

Optimize system management, complete internal control environment and improve working efficiency. 13 category A and 8 category B management systems (21 categories in total) were newly increased in 2013 according to external laws and regulations and annual promotion requirements of comprehensive management system and business management demands. Such systems involved marketing, import business, confidentiality, environmental protection and safety management. In order to meet the requirements of compliance and satisfy the business management demands of the Company as well as due to reasons like structural adjustment of the organization, 64 systems were revised and 2 systems were canceled. Currently, the Company has 495 management documents and 593 management standards.

Information Construction

Focus on management reform of the Company and improve informatization planning and supporting capacity. Baoshan Iron & Steel Co., Ltd. has integrated 4 large systems including 9672 Manufacturing and multiple systems including metering and check system, simplified the architecture of information system of the Company, optimized core business flows of the Company including manufacturing quality design, financial cost accounting, and equipment material management, enhanced management fineness and management efficiency, and made breakthroughs and mastered a series of key technologies of management and information systems, so as to maintained the leading position of informatization of Baoshan Iron & Steel Co., Ltd. in the manufacturing management and equipment management areas of iron & steel industry.

Promote environmental informatization projects and improve environment informatization management level. According to the requirements of governmental departments for environmental informatization work of enterprises and based on the business demands of the Baosteel, the Company stably promoted the construction of environmental protection online management platform in 2013. Focus was placed on the promotion of upgrading and modification project of water quality automatic monitoring and air quality automatic monitoring system. Monitoring factors like COD and PM2.5 were increased to form integrated functions of alarm, statistics and transmission so as to realize automatic statistics gathering and short message push of environmental air quality index (AQI) of the plant area and differentiation comparison with AQI of Shanghai; also, the con-

nection of 15 camera signals of relevant systems of the Company was completed, and the existing video monitoring system went through software upgrading and hardware extension; the sorting and access of 35 sets of category A environmental protection facilities, camera signals, and operating status signals of water quality monitoring, air monitoring and noise monitoring equipment were completed; the software development of AQI mobile application and mobile monitoring application of plant area were completed to improve the monitoring efforts against emission/discharge of pollution sources and enhance the sensing and risk early-warning capacity to avoid excessive emission/discharge.

According to the requirements of *Measures for the Self-Monitoring and Information Disclosure by the Enterprises subject to Intensive Monitoring and Control of the State* issued by Ministry of Environmental Protection and *Notice on Proper Implementation of Self-Monitoring and Information Disclosure by the Enterprises subject to Intensive Monitoring and Control of the State* of Shanghai Environmental Protection Bureau, Baosteel initially launched the disclosure of environmental monitoring information since the fourth quarter of 2013 and initiatively released the environmental monitoring data of key monitoring emission/discharge sources to society on a regular basis. Information disclosure was implemented in Baosteel Daily in the first stage since November 2013, covering 13 pollutant generation sources emitted/discharged by means of dot in three major categories, i.e. exhaust gas, wastewater and noise; later, the environmental monitoring information was further disclosed to society through the official website of Baoshan Iron & Steel Co., Ltd..

Improvement of Site Management Capacity

Highlight key issues and plan the implementation of six sigma lean operation big Y projects like "Improving One-off Passing Rate of Contract" and "Lowering Controlled Processing Cost of Thick Plate" to form coordinated promotion of cross-department team and improve systematicness of problem solving. In 2013, the Company ran 180 six sigma lean operation projects, thus providing vigorous support for site quality improvement, smooth production, energy conservation and environmental protection, cost lowering and efficiency bettering.

In 2013, JK task placed more emphasis on sharing and communication. Meanwhile, it was combined with the release of key work results of each specialty. As a result, the effectiveness of press conferences was improved. For example, JK tasks of Chapter of Production Quality, Chapter of Equipment Management and Chapter of Youth were combined to APQP, TPM and youth innovation work respectively and relatively favorable effect were obtained; organize the outward excellent recommendation work and press conference of the Company. 7 JK groups obtained the title of "National Excellent Quality Management Group", 21 JK groups obtained the title of "Excellent Quality Management Group in Metallurgy Industry", and 20 JK groups obtained the title of "Shanghai Excellent Quality Management Group", thus improving the sense of honor of employees on the spot.

● Anticorruption

The anticorruption work of Baoshan Iron & Steel Co., Ltd. sticks to the work requirements of "Compliant Development and Honest Development", follows "1001" work objectives of the discipline inspection and supervision^[Note 1], focus on three key areas, i.e. purchase, sales and project construction, and give full play to the education, prevention, supervision and guarantee functions of discipline inspection and supervision system by building five major mechanisms of "Education Guidance, System Guarantee, Supervision and Restriction, Corruption Punishment and Source Administration", so as to actively create a "Clear and Honest" business environment.

System construction: In order to further strengthen the construction of punishment and prevention system, carefully implement "One Post and Two Responsibilities" and "Commitment to Incorruption" and sign *Liability Statement of Objectives of Construction of the Party Style and Anticorruption* level by level according to key tasks and decomposition of responsibilities of construction of the Party style and anticorruption. Members of leading group in each level and managers shall sign *Letter of Commitment to Incorruption and Self-discipline* to make sure the responsibility system of construction of the Party style and anticorruption is completely implemented. Strengthen the solidification of discipline inspection and supervision work, continuously promote the construction of "Five Sunshine"^[Note 2] and prepare *Guide Manual of Creating "Shuangyou" Work in Engineering Project, Guide Manual of Purchasing by Invitation to Bid, Incorruption and Risk Prevention, Guide Manual of Supervision of Bid Invitation*, etc. to further complete the system construction in key areas including purchase, sales and project construction.

Incorruption education: Deeply launch incorruption activities of "Focusing on Flow, Focusing on Risks and Focusing on Prevention and Control" to improve the awareness of incorruption risk prevention and control and compliant resumption skills so as to realize "reduction of flow risks, post risks and personnel risks". Launch 985 times of anticorruption education. The number of participants reached 26,770 person-times. Launch coaching and training for managers taking their new office since 2013 and require them to strictly execute "Eight Regulations" of the Central Government and "Eight Bans" of Baosteel so as to continuously improve working style and lead employees to create better achievements for Baosteel to start a new undertaking. Strengthen communication and interaction with the suppliers and adopt means like participation in suppliers' researches and studies, visit and interview to improve the efficiency of three-level rescue system^[Note 3] and thus further extend the scope of incorruption education.

Efficiency supervision and special inspection: Attach importance to cross-department problems with big difficulty of coordination and high-risk core flows and comprehensively launch full-flow flow efficiency supervision projects. In 2013, the Company launched 165 efficiency supervision projects, proposed 540 suggestions on supervision and promoted the completion of 291 management systems in total. Centering on three major key areas, i.e. purchase, sales and project construction, the Company launched work special inspection, gift and gift cash management special inspection, directly delivered material management special inspection, etc. in order to create "Shuangyou"^[Note 4] for the engineering projects as well as issue supervision proposal against some typical problems, thus effectively promoting the perfection of the site management and the compliant resumption of managers in all levels.

Source administration: Continuously deepen incorruption risk prevention and control work, actively launch method exploration and work practice, prepare *Guide Manual for Response to Incorruption Risk Identification, Analysis and Early Warning*, explore incorruption risk assessment methods based on "Matching of Employees and Posts", and plan and promote "Standard+α" compliant resumption training of personnel with the right of business disposal. Strengthen dynamic management of sensitive posts to form directory of sensitive posts and list of employees engaged in such sensitive posts. Stick to deepening the administration of commercial bribery, standardize business behaviors and purify business environment. Release a list of units and personnel banned from transactions inside the Company against suppliers who adopt unfair competitive approaches during business contacts with the Company on a regular basis.

Report checking: Enhance the working efforts of petition letter checking and case handling and further increase the checking and handling ratio at the level of Baoshan Iron & Steel Co., Ltd.. Carefully implement the requirements of "Three Never Let Go" system and "One Case and Two Reports" system and rectify the problem cues or management defects discovered during the process by means of supervision suggestions, to further promote the efficiency of report checking and case handling and strive to maintain an incorrupt business atmosphere. Hold direct leaders of the Company who are responsible for leadership accountable against major safety casualties. Meanwhile, circulate a notice of criticism, hold talks with and impose economic punishments on relevant personnel responsible for problems found during petition letter checking and case handling.

Holding of the Second "Qinglian Cup" New Media Works Competition

In order to further strengthen incorruption culture building, create an "Anticorruption" atmosphere, give full play to the coordinated advantages of information technology platform and education resources of Baoshan Iron & Steel Co., Ltd., improve the self-discipline awareness of incorruption, and reinforce the incorruption risk prevention and control skills, the Company held the 2nd Baosteel "Qinglian Cup" New Media Works Competition. More than 2,200 person-times were involved in the activity and 1,545 various works were collected. These works were meticulously created by centering on the theme of incorruption education, featuring extensive contents and novel form and integrating ideological level, artistic level and educational level. Finally 63 various award-winning works involving cartoon, micro film, hint fiction and micro short message were appraised and selected. Meanwhile, *Selected Works of "Qinglian Cup" New Media Works Competition of Baoshan Iron & Steel Co., Ltd.* was prepared.



Image Ambassador of "Qinglian" : "Gang Xiao Bao"

The homophonic of Qinglian (meaning "Incorruption" in Chinese) and spray of molten steel are used as the design prototype, symbolizing incorruption and quality of true steel metal. It is also the perfect combination of water and fire. The five petals symbolize the construction of "Five Sunshine" of Baosteel. The image ambassador wears a blue T-shirt with the logo of Baosteel. The blue color of Baosteel and the red of molten steel echo with each other and thus present a relatively dynamic form. The image ambassador stretches out thumb and runs, symbolizing the leading role of Baosteel in China's iron & steel industry.

Note 1: "1001" work objectives: 100% implementation of incorruption risk early warning and prevention measures in core flows; "0" law and discipline violation by leaders and managers; "0" law and discipline violation by personnel entitled to have right of business disposal; 100% investigation of incorruption responsibilities of leaders.

Note 2: Construction of "Five Sunshine": It is a move adopted by Baosteel to strengthen the prevention and control of incorruption risks. It specifically refers to "Sunshine Employment, Sunshine Management Remuneration, Sunshine Post-related Consumption, Sunshine Purchase and Sales and Sunshine Project Construction".

Note 3: Three-level rescue system: First level: Purchasing business department; Second level: Top manager of purchasing department; Third level: Administrative supervision organization of the Company

Note 4: "Shuangyou": Project High Quality and Cadres High Quality

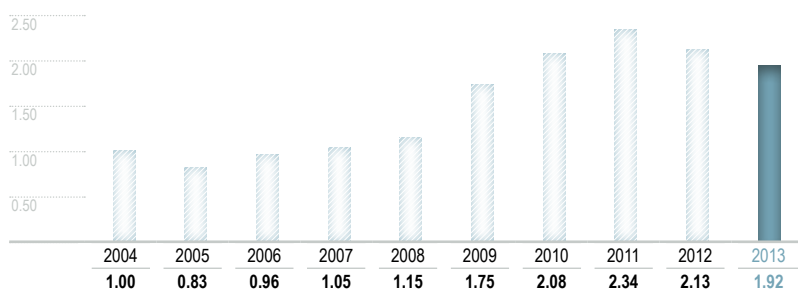
Innovative Development

Strengthening Knowledge-Oriented Enterprise Construction

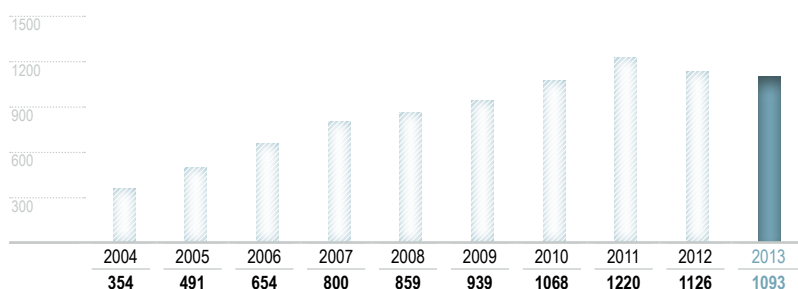
In 2013, the Company actively promoted knowledge operation system construction and completed the design of overall knowledge operation layered management structure and knowledge map according to *Six-year Planning of Knowledge Management*; initiatively explored knowledge asset operation methods, put forward knowledge product management models, established knowledge product operation specifications, completed three-year development layout of knowledge products, and developed 400 knowledge products; optimized supporting mechanism, conducted trial implementation of knowledge services, solving the individualized knowledge demands of the independent learning of the employees and substantially improved knowledge applications; obtained the award of "China Most Admired Knowledge Enterprise Award" for three consecutive years and defended a championship of "Asia Most Admired Knowledge Enterprise Award", thus becoming the first manufacturing enterprise in China that obtained this award; realized the transformation from pure knowledge management to organization knowledge orientation, thus improving the organizational capacity and brand value of Baosteel and setting an example to the industry.



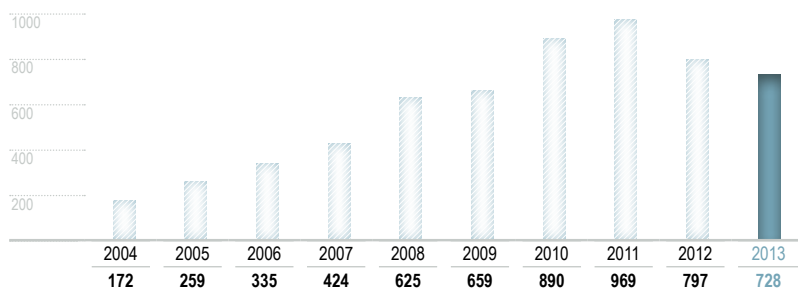
R&D input rate (%)



Quantity of patents applied



Quantity of patents licensed



In 2013, the input rate of R&D reached 1.92%, the sales rate of new products reached 20.32% and the ratio of newly tried products reached 53.1%; the Company initially launched 5 new products globally and applied for 1,093 patents among which patents for invention took up 55%; also, the Company applied for 31 international patents.

Development and Industrialization of Low Temperature High Magnetic Strength Oriented Silicon Steel Manufacturing Technology obtained first prize of National Science & Technology Progress Award in 2013; *Advanced High-strength Thin Strip Steel Manufacturing Technology and Industrialization* obtained Metallurgical Science and Technology Progress Award (special class) in 2013; *Development and Industrialization of Low Temperature High Magnetic Strength Oriented Silicon Steel Manufacturing Technology* obtained first prize of Shanghai Science and Technology Progress Award. Besides, the Company also defended the championship of "Asia Most Admired Knowledge Enterprise Award", thus becoming the first manufacturing enterprise in China that obtained this award.

Establish and perfect technical innovation management mechanism. Continuously perfect the science and technology management mechanism centering on users. Strengthen the implementation and task decomposition of technical innovation for product operation of the Company with market as orientation, and adopt an approach combining company command and declaration of each department to properly deploy and implement resource allocation of key projects and ensure orderly and stable advancing of key scientific research projects according to the overall technical innovation development strategies of the Company as well as dynamic development demands of market and site. As for urgent product development demands from the market, optimize project management flow, set up green channel, quickly configure R&D resources, make clear of task nodes and responsible persons and quickly organize production to satisfy users' demands.

Establish a R&D supporting system incubating global initially released products. Carry out optimized design centering on identification of initially released products, project planning, resource guarantee and evaluation and motivation so as to provide sufficient resource guarantee for initial release team and support quick breakthroughs.

Optimize new product development management flow. Carry out overall planning and concentration centering on six major categories of products of the Company and with the downstream industry development and user demands as orientation. Implement level-to-level administration and advancing for three categories, i.e. symbolic category, key category and common category.

Strengthen the transformation from technical R&D to engineering application. Make clear of the responsibilities and tasks of each relevant department for industrialization and establish an industrialization promotion system of R&D driving project. Meanwhile, organize the experts to form a unified team to uniformly control R&D rhythm and realize synchronous advancing of scientific research and project from the proposing of market demands and development of core technologies to pilot plant test and technical improvement.

Deeply promote technical innovation and support environmental operation. Centering on comprehensive administration and utilization of waste gases and wastewater, break the existing technical bottlenecks and realize new breakthroughs in green manufacturing by researching, developing and applying new technologies. Strengthen the cooperation with external advantaged technical forces including Tsinghua University and Zhongye

Changtian International Engineering Co., Ltd. and launch the testing and research of technique using activated carbon method to conduct flue gas desulfurization, denitration and TCDD removal targeted at key tasks like sintering and power plant flue administration and smoke and dust emission reduction. Strengthen profound processing and comprehensive utilization of the wastewater of the whole plant and realize the reduction of 2.4% of total volume of the wastewater by adopting measures like acid pickling regeneration process. Fully connect the cold rolled wastewater membrane treatment process route and reflect and apply relevant research findings in projects like Zhanjiang Cold Rolling Project and 2030 Cold Rolling Public and Auxiliary Reconstruction Project. Industrialized application of the cyclic sintering process technique was realized in Ninggang 486m² Demonstration Project, presenting an obvious energy-saving and emission reduction effect.

Focus on the application of the full life cycle evaluation method, promote development and application of green products from three dimensions, i.e. green product design, green manufacturing and green value chain, further complete the definitions of green products and BPEI method and model, directly exhibit the environmental performance of Baosteel products from qualitative perspective to quantitative perspective, guide product ecological design in a more scientific way, support the development of green products and provide users with green steel consumption solutions.

Actively launch the output of green environmental protection technologies and be brave in undertaking social responsibilities. While performing green manufacturing, Baosteel never forgets undertaking the historical and social responsibilities as a leader of energy conservation and environmental protection of China's iron & steel industry and a main competitive force in international iron & steel industry. By digging and sorting unique green environmental protection technologies of Baosteel and adopting various channels to output and market such technologies to iron & steel industry and society, the Company has already had multiple energy-saving and environmental protection technologies including "Baosteel BSFF Steel Slag Treatment Technology, Sintering Waste Gas Recycling Technology and Continuous Casting Steel Ladle Residual Steel Optimization Control Technology" deeply recognized by the industry and also exported them for multiple times. The green technologies of Baosteel have driven forward the environmental protection level of the traditional manufacturing industry made due contributions to the sustainable development of the whole industry.

● Accelerating R&D of New Products and New Technologies

In 2013, the Company adhered to the principle of user orientation, combined production, sales and research, focused on key industries and users, deeply dig demands, realized quick transformation from demands to R&D and R&D to industrialized applications, continuously developed and produced new products with high technological content, proprietary intellectual property rights, and market competition, thus creating considerable economic benefits to the Company.

In 2013, the research and development of new products focused on global initial release and pursued technologically leading quick breakthroughs. Five new products, namely, cold rolling and quenching ductile steel QP980 GI, high-performance hot rolling wear-resistant steel BW300TP, super high-efficiency motor non-oriented steel B50A E-2, high-strength and high-toughness casing pipe BG140V and super-high anti-torque air-tight seal drill pipe BT-S13Cr110 realized world premiere. The successful world premiere of QP980GI symbolized that Baosteel became the first supplier in the world capable of supplying first, second and third generations of advanced high-strength steels; super high-efficiency motor non-oriented steel B50A E-2 joined hands with motor industry to commonly build an efficient and energy-saving green supply chain; the successful initial release of high-strength and high-toughness casing pipe BG140V provided vigorous support for drilling of extra-deep well of petroleum industry; the successful initial release of high-performance hot rolling wear-resistant steel BW300TP would make important contributions to the quick development of China's engineering machinery industry.

Deepen production-university-research cooperation. According to the new round of technical innovation development strategies of Baosteel, the Company has established general idea for the new round of production-university-research cooperation and proposed that the production-university-research cooperation should orient at enterprises, focus on key products and key manufacturing processes of Baosteel and integrate internal and external technical resources to quickly improve the technical capacity of Baosteel and realize differentiated competitive advantages through independent integration and innovation. Advance domestic in-depth cooperation, and launch a new round of strategic cooperation with strategic cooperative colleges including University of Science and Technology Beijing; besides, the Company centered on the technical innovation demands of new products, new processes and new technologies and initiated international technological cooperation with RWTH Aachen University of Germany, thus expanding the sources of technical innovation technologies and knowledge of the Company.

Academic and Technical Communication



Environmental Policy Committee of World Steel Association



Economics Committee of World Steel Association

Academic and technical communication is an important process in innovation activities. In order to master the world latest science and technology information of iron & steel industry and improve the business ability of scientific and technical workers, Baosteel has always been very initiative and active in domestic and foreign academic communication activities and has gradually formed a pattern of "Three Levels and Two Brands", thus playing an active role for the technological progress of the enterprise. "Three Levels" refer to international communication, domestic communication and internal communication of the Company; "Two Brands" refer to Baosteel Academic Annual Meeting and Baosteel-ChinaSteel High-level Scientific and Technical Communication. In 2013, the Company assigned groups to participate in domestic and foreign important academic communications for 69 sessions and held the Fifth Baosteel Biennial Academic Conference and the Fourteenth Baosteel-ChinaSteel High-level Scientific and Technical Communication.

Extensive Communication with Peers

Active Participation in the Work of World Steel Association

In April and October 2013, Xu Lejiang, Board Chairman of Baosteel Group Corporation and Director & Executive Director of World Steel Association, attended Executive Council and Council Meeting of World Steel Association in which he discussed with international iron & steel giants on hot issues of the industry including excess production capacity of iron & steel industry, demands for raw materials and iron & steel, and sustainable development.

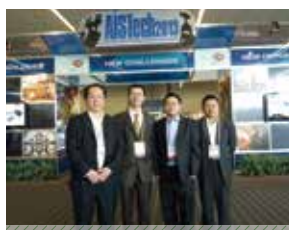
In 2013, the communication between Baosteel and World Steel Association was already continuously expanded. Project tasks like economic prediction and analysis, energy conservation and environmental protection, LCA, steel used for future automobiles, Livingsteel, E-learning platform, safety case sharing, etc. were already combined with the actual work of the Company, thus not only supporting the work of World Steel Association and also promoting the improvement and enhancement of technology, management and market analysis level of the Company.

In June, Sustainable Report Expert Group (SREG) Meeting of World Steel Association was held in Brussels, Belgium. Dr. Dong Xiaodan from Sustainable Development Research Institute of Economics and Management Research Institute of Baosteel Group Corporation took part in and hosted this meeting on behalf of Baosteel as the chairman of this expert group. The meeting invited consulting organizations to analyzed sustainable reports released by members of World Steel Association to seek for common rules and try to reveal some industrial problems.

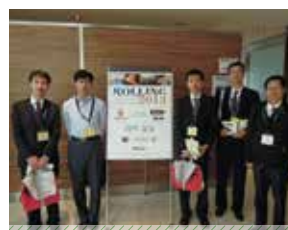
Aiming at International First-class Academic Meetings and Mastering Development Trends of New Technologies of Iron & Steel

Over the years, Baosteel continuously participated in international first-class academic meetings to obtain the development trends of new technologies and new processes of international steel. The Company dedicated to becoming a leader of iron & steel technology. In 2013, Baosteel actively participated in important academic meetings of international iron & steel industry, including AISTech The Iron & Technology Conference and Exposition, ISIJ Spring/Fall Meeting, 9th International Conference on Steel Rolling, Annual Conference and Exhibition of International Titanium Association, International Stainless Steel Congress, International Advanced High Strength Steel Conference, 57th Annual Conference on Magnetism and Magnetic Materials, 13th China-Japan Bilateral Seminar on Iron and Steel Technology, International Thermprocess Summit 2013, etc..

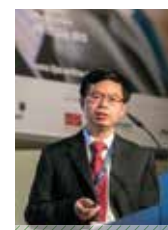
March	Chief Researcher Yang Jian and Director Researcher Wu Jianfeng of Baosteel Research Institute took part in the 165th ISIJ Spring Meeting and released two reports in parallel sessions, i.e. "Influence of Mg Deoxidation on Inclusions and Educts in Structural Steel" and "Optimized Control of Online Accelerated Cooling".
May	Chief Researchers Jiao Sihai and Chen Zhaoping of Baosteel Research Institute and Senior Chief Engineer Wang Luo of Baosteel-NSC/Arcelor Automotive Steel Sheets Company took part in AISTech The Iron & Technology Conference and Exposition and released paper reports which exhibited the technological progress of Baosteel in steelmaking and hot galvanizing areas. The research findings of Baosteel drew the attention and concern of participants.
June	5 technical personnel of Baosteel Research Institute including Li Shanqing took part in the 9th International Conference on Steel Rolling sponsored by Associazione Italiana di Metallurgia (AIM). In the conference, great attention was paid to technical highlights like stable rolling, surface control and precision steel rolling.
July	Chief Researcher Li Jun of Baosteel Research Institute and Director Gu Shuo of Shanghai Baosteel Energy Tech Co., Ltd. went Germany and took part in International Thermprocess Summit 2013. Li Jun delivered a keynote speech of "Technological Progress of China's Cold Rolling Thin Strip Steel Thermal Treatment". Also, Li was invited to participate in a 8-member high-level forum mainly consisted of European and American representatives as the only "Oriental Member" and make extemporaneous speech and communication with these high-level personages concerning energy conservation and emission reduction, research and development of core technologies of thermal treatment, policy orientation, etc..



AISTech The Iron & Technology Conference and Exposition



9th International Conference on Steel Rolling



International Thermprocess Summit 2013

Actively Launching Communication with International Advanced Iron & Steel Enterprises

In November, Baosteel-Pohang Energy Conservation and Emission Reduction Technical Communication Meeting was held in Baoshan Hotel. The participants from the two parties centered on the theme of enterprise sustainable development and conducted profound communication and discussion concerning special topics including environmental policy of iron & steel industry, research, development and application of waste heat recycling, improvement and enhancement of energy efficiency of power plant, air cleaning technology and problem solving, comprehensive utilization of solid wastes, etc.. The two parties expressed unanimously to adopt an open mind to strengthen information communication, jointly explore approaches for sustainable development of iron & steel industry and create a bright future together.



● Domestic Academic Communication

In September, Dai Zhihao, General Manager of Baoshan Iron & Steel Co., Ltd., took part in "13th China International Steel & Raw Materials Conference" organized by China Iron & Steel Association and delivered a keynote speech of "Transparency, Innovation and Win-win Result-Rethinking' of Industrial Chain Relation under New Market Situation".

Internal Communication of Baosteel

“Baosteel Excellent Paper Appraisal and Selection Activity” organized by Baosteel Science & Technology Association is a traditional project of internal academic communication of Baosteel. In 2013, the activity collected 233 papers and selected 72 excellent papers. 1 paper won first prize, 24 papers won second prize, and 47 papers won third prize. The appraisal and communication of excellent papers of Baosteel effectively promoted technical sharing and coordinated support among different producing enterprises inside the Company.

● Communication with Taiwan ChinaSteel

14th ChinaSteel-Baosteel Scientific and Technical Communication

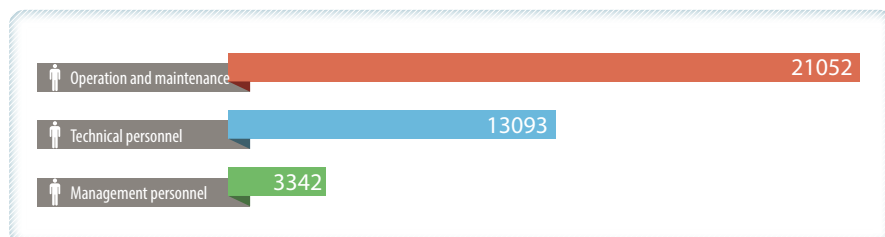
Fifth Baosteel Biennial
Academic Conference

In this conference, 1 main venue and 14 parallel sessions involving ironmaking and raw material, steelmaking and continuous casting, rolling and thermal treatment, surface and coating technique, automobile and engineering high-strength steel, oil well pipe and pipeline steel, thick plate, stainless steel, special steel, metallurgical analysis, equipment and engineering technique, automatic information and control, energy and environment, and silicon steel. In the conference, a form combining conference reporting and sustainable development forum was initially adopted. Xu Kuangshu, Academician of CAE and President of Chinese Society for Metals, Edwin Basson, Director General of World Steel Association, Keisuke Kuroki, Standing Consultant of Nippon Steel & Sumitomo Metal Corporation, Zhou Ruoqi, Board Chairman of Taiwan ChinaSteel, and Xu Leijiang, Board Chairman of Baosteel Group Corporation delivered keynote speeches in the conference; 6 guests including Zhao Pei, Vice Chairman & Secretary General of the Chinese Society for Metals hosted *Sustainable Development Forum*, Li Jinghai, Vice President & Academician of Chinese Academy of Sciences, Professor Alan W. Cramb, Vice President of Illinois Institute of Technology, Edwin Basson, Director General of World Steel Association, Keisuke Kuroki, Standing Consultant of Nippon Steel & Sumitomo Metal Corporation, Zhou Ruoqi, Board Chairman of Taiwan ChinaSteel and He Wenbo, General Manager of Baosteel Group Corporation delivered speeches in *Sustainable Development Forum* and interacted with guests present. Senior executive release in professional high-end platforms of industry exhibitions and annual meetings can lead the awareness, rationality and confidence of media industry and precisely spread the information of industry and enterprise system. Dozens of media, including *Science and Technology Daily*, *China Metallurgical News*, *First Financial Daily*, Xinhua News Agency and *Shanghai Securities News* carried out in-depth coverage of innovative transformation and sustainable development followed by Baosteel, so as to trigger abundant reprinting by other media. *Theory of "Late Autumn" by Baosteel Xu Leijiang: It is not a bad thing for a longer "Cold Winter" of the industry* was reprinted by 216 media including www.ifeng.com, www.stnn.cc, and www.cfen.com.cn; *Xu Kuangshu Throws Cold Water on Iron & Steel Industry: The Cold Winter will Last for 5-10 years* interviewed and written by *Shanghai Securities News* was reprinted by 93 media including www.hexun.com and www.eastmoney.com. Meanwhile, relevant international associations and institutes like World Steel Association, Joint Committee of World Steel Association, American Iron and Steel Institute, Iron & Steel Institute Japan, British Institute of Materials and WV Stahl put Baosteel Biennial Academic Conference on their websites. WV Stahl initially wrote letters afterwards and expected to share the paper abstracts of the conference in its publications and website.

Harmonious Development

Employee Profile

The Company had 37,487 in-service employees at the end of report period including 21,052 operation and maintenance personnel, 13,093 technical personnel and 3,342 management personnel.



The number of employees with education background of Junior College and above reached 27,608, taking up 73.6% of the total number of employees.

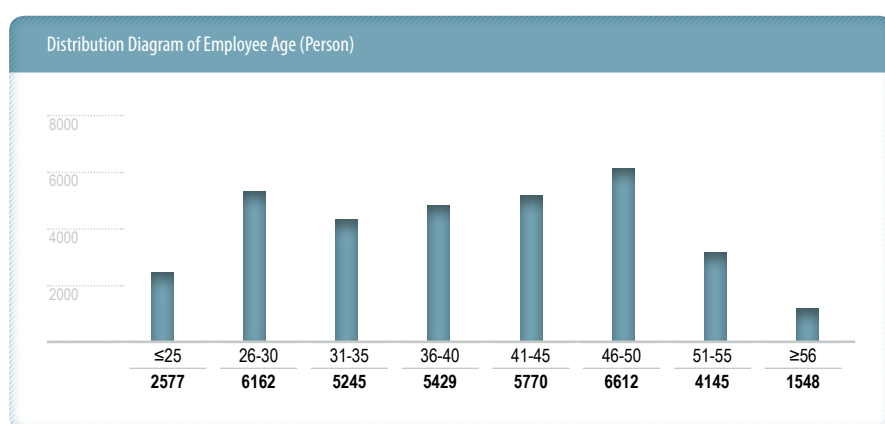
The number of employees with professional title above medium level reached 8,695, taking up 52.9% of total number of technical personnel and management personnel.

The number of employees obtaining work licenses above level of senior worker reached 12,905, taking up 61.3% of total number of operation and maintenance personnel.

The employees of the Company were mainly distributed in provinces and regions like Shanghai, Jiangsu Province, Guangdong Province, Shandong Province and Hubei Province as well as some overseas regions.

The Company offered equal employment opportunities to personnel of different genders and ages. However, due to the characteristics of iron & steel industry, the ratio between male employees and female employees was 6.2:1. The female employees were mainly engaged in management and technical posts.

The Company owned a young and vigorous employee team with a reasonable age structure. The age of the employees was mainly 45 and below. It took up 67.2% of total number of employees.



In 2013, there were 507 employees of the Company choosing to resign, taking up 1.4% of annual average number of employees. The Company fully respects their personal choices and talked with each resigning employee individually from the perspective of continual improvement in order to get to know their reasons of resignation. Meanwhile, the Company timely handled resignation procedures for them according to the requirements of relevant laws and regulations of the state.

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67.2%

The number of employees aged 45 and below took up 67.2% of total number of employees.

Employee Rights and Benefits

Actively Constructing Harmonious Labor Relations

The Company abides by relevant laws and regulations including Labor Law of the People's Republic of China, *Labor Contract Law of the People's Republic of China*, *Trade Union Law of the People's Republic of China* and *Social Insurance Law of the People's Republic of China*, respects employees' human rights, care about the employees, practically safeguards employees' interests and signs and performs labor contract with employees according to law.

The Company earnestly executes all staff labor contract system, collective contract system and system of workers and staff congress, gives full play to the "platform" advantages of completed workers' congress system, and deeply and solidly promotes equal negotiation and collective contract work by establishing and perfecting trade union organization, labor dispute mediation organization, labor law supervision organization and labor protection supervision and inspection organizations, thus guaranteeing stability of employee team and promoting harmonious enterprise construction.

Practicing a Management Concept of Equal Opportunity

The Company follows the principles of equity and fairness when establishing various policies and schemes, advocates the idea that everyone is equal, and strictly forbids discrimination of gender, age, ethnic group, religious belief, and political attribution when recruiting, promoting and appraising employees, and implements equal pay for equal work irrespective of sex. Meanwhile, the Company encourages overseas returnees to work in Baosteel, tracks the information of overseas personnel and actively launches the introduction of overseas high-level talents.

Comprehensively Concerning and Caring Employees

To make it convenient for employees to handle affairs, the Company sorts and compiles *Collection of Guidelines for Employees to Handle Affairs* which guides the employees to handle various procedures conveniently and quickly.

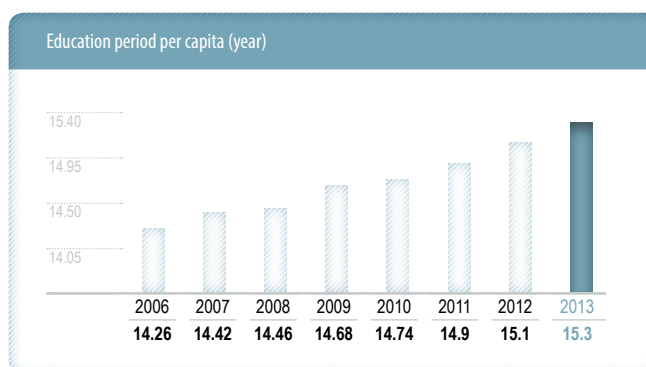
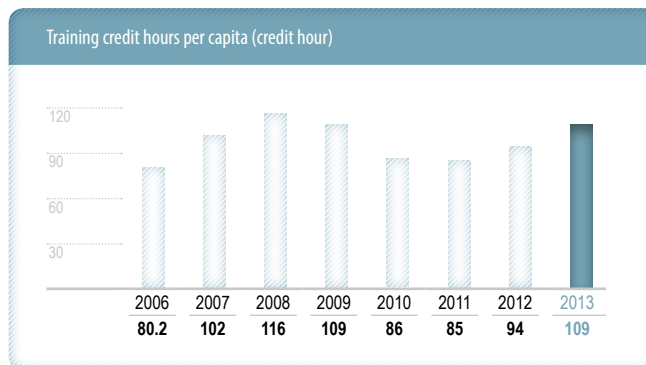
The Company attaches great importance to employees from ethnic minorities and offers certain allowance to some of these employees. Some of them work in important posts of the Company.

Meanwhile, the Company makes much account of special groups. To be specific, the Company cares about the physical and mental health of female employees, and offer holidays to female employees during pregnant period, perinatal period and suckling period; give preferential policies including subsidy for poverty-stricken employees. Moreover, the Company concerns the handling of settlement procedures of employees holding residence permit in Shanghai and assists the employees in declaring and submitting materials according to the requirements of governmental departments. In 2013, a total number of 126 employees successfully handled settlement procedures.

Growth of Employees

Continuously Improving Employees' Skills

In 2013, the training duration of employees per capita reached 109 credit hours and over 170,000 person-times were involved in training. Therefore, the average education period of the employees was improved year by year. At the end of the report period, the average education period of employees reached 15.3 years.



Closely Centering on Capacity Building and Enhancing Talent Training and Cultivation Efforts

Centering on the building of management personnel team, the Company has planned and implemented programs like "Operator Research and Studies" and "Keynote Actual Practice", optimized the model of "In-service Research and Studies of Basic-level Managers", redesigned "Operation Head Qualification Training" and started a new round of backup selection and cultivation work.

Centering on the building of technical personnel team, the Company has planned and implemented the program of "Training Camp of Persons in Charge of Technical Innovation Teams" and organized "Golden Apple Team Research and Studies", "Get Close to Master Lectures", "Top 10 Keynote Research and Studies", "Full Flow Engineer Cultivation", etc..

Centering on the building of functional business personnel team, the Company has intensively implemented "Safety Training", "Futures Knowledge Training", "Green Purchase Training" and "Qualification Training of Environmental Protection Manager", etc..

Centering on the building of skill talent team, the Company has vigorously promoted training tasks of "Skill Fitness", "Level Worker Training" and "Skill Master Training Camp" and optimized new operation and maintenance personnel cultivation model by absorbing dual system cultivation mode of Germany.

Centering on internationalized strategies, the Company has vigorously promoted "Dark Blue Plan" and select managers and excellent key personnel to research, study and take internship overseas.

Enhancing Knowledge Inheritance and Sharing and Strengthening Teaching Staff Team Construction

A batch of internal part-time teachers inside the Company are hired to further expand the teaching staff team; modify and complete *New Operation Head Teaching Course* and form supporting training materials and teaching staff strength to make it an important carrier to promote inheritance and development of lower management of the Company.



Commemorative Ceremony of Baosteel on "Company Day"

Employee Benefit and Social Security

Providing Competitive Remuneration Treatment

The Company builds an "Externally Competitive and Internally Fair" remuneration distribution system based on the market remuneration level and the internal post value to make sure the income of employees is competitive in the industry and in the local region. Also, the Company dynamically adjusts remuneration according to employees' performance, ability and quality to enable the employees to realize personal value and promote the improvement of enterprise value, so as to attract and retain various talents required for strategic development of the Company and realize effective combination between income and contribution, and harmonious development of employees and the Company.

Implementing Performance Oriented Remuneration Motivation Policy

The Company establishes a reasonable remuneration total amount budget management mechanism with the purpose of effectively supporting smooth realization of business objectives and enhancing the orienting effect of remuneration motivation performance. Also, the Company reasonably balances the remuneration input rhythm and dynamically tracks the actual input progress of a total amount of remuneration of each unit according to the completion conditions of business objectives of the Company. Meanwhile, in order to further improve the perceptibility of the employees for remuneration, the Company completes its remuneration model, establishes and completes a motivation mechanism with coexistence of motivation and restriction and reinforces close and effective linking between bonus distribution and completion progress of benefit quarter objective of the Company and between key working performance and individual performance.

Complete Insurance and Welfare System

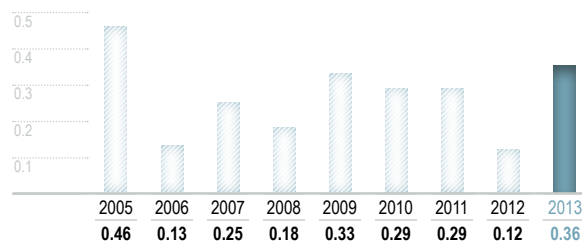
In order to inspire employees' initiative and creativity and improve cohesion and solidification, the Company performs the social responsibilities of the enterprise according to law, maintains legitimate rights and interests of employees and pays various social insurance expenses in full amount as scheduled, including basic endowment insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance as well as housing fund to solve worries of the employees during retirement, resignation from office or accident. On this basis, the Company has also provided employees with enterprise welfare programs like corporation pension plan, supplementary housing fund, health security plan, physical examination and free working luncheon.

In order to satisfy employees' demands for physical and mental health, and enrich and optimize the employees' health security plan programs, the Company has further expanded employees' physical exercise places, increased holiday and recuperation routes, etc. so as to provide employees with diversified health security service programs. The employees may select different service programs on their own based on individualized demands. Meanwhile, the employees enjoy rest days, holidays, paid annual leave, home leave and other various holidays stipulated in national laws and regulations as well as company system. The wages of the employees during overtime and various holidays shall be executed in strict accordance with the national policies and the company system.

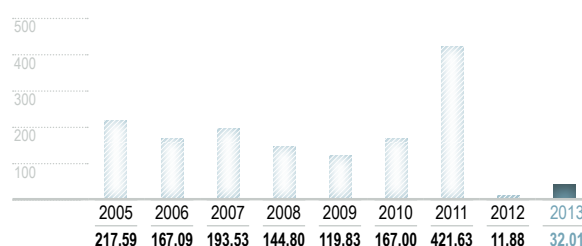
Occupational Health and Safety

In 2013, the Company adhered to the objective of safety "1000" (Safety 1st, 0 Accident, 0 Rule Violation and 0 Hidden Danger) and the working idea of "PDCA + Seriousness". The Company implements safety production responsibilities, strengthens safety basic management, deepens hidden danger troubleshooting and rectification, and practices scientific and effective management.

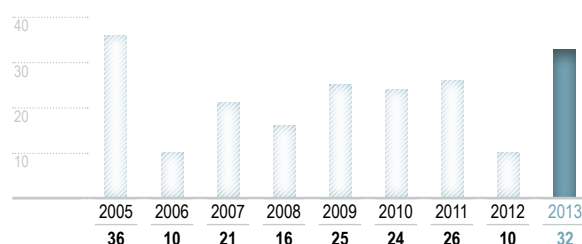
Frequency of injury (Number of injured persons per one million working hours)



Severity of injury (Number of working days lost per one million working hours)



Number of injured persons (person)



Note: Accidental injury was increased in the statistical calibers of number of injured persons in 2013. 8 accidents were increased.



Basketball Game of the 9th Employee Sports Meeting of Baosteel

Perfecting System Building and Promoting Management Extension

Establish six safety management concepts of Baoshan Iron & Steel Co., Ltd.. Safety management is primary management; coordinated safety is equally important; hidden dangers shall be discovered and controlled; the improvement of employee quality is the basis of safety work; the violation of safety bans is also a kind of accident; all staff participation is the key to safety work. These six safety management concepts will become the guiding idea of management activities and the management idea of safety work of the Company within a certain period in future.

Promote safety integrated management and place emphasis on standardization and strengthening of system revision, service guidance, safety supervision, and performance evaluation. As for the management model, the Company has established a special-personnel centralized work mechanism, promoted the refining and implementation of safety "One Post and Two Responsibilities", attached great importance to the synchronous improvement of management level of each business division and each subsidiary of the Company.

Carry out specific research and studies to form a work mechanism of "Building Basic-level Safety Responsibility Defense Line". Organize branches, work zones and group managers to form a three-level research and study team as well as study to form a safety management menu covering three levels of "Branch Director; Operation Head and Group Leader". Also, the Company has made clear of 33 specific tasks for branch directors, 55 specific tasks for operation heads and 33 specific tasks for group leaders in detail and provided specific practice templates for each task. By building a basic-level safety responsibility defense line, the Company has summarized a relatively complete set of branch, work zone and group methods as how to manage safety to form operable management specifications for building of basic-level safety responsibility defense line for the basic-level managers to refer to and use.

Deepening One Post and Two Responsibilities and Completing Evaluation Mechanism

The Company has established a work mechanism that leaders in each level went deep to the basic-level contact points at the year beginning. On the basis that leaders above the level of the vice general manager makes clear of safety work contact points, the Company has established a specific work mechanism and clarified form, requirements, resumption records, etc. for launch of work. As a result, it has promoted managers in each level to initially perform safety responsibilities, gone deep to the basic level, discovered, studied and solved safety management problems, and encouraged employees to actively participate in site safety management.

Complete performance evaluation scheme and conduct evaluation according to "Accident Control Performance" and "Process Performance". Process performance is evaluated based on initiative, timeliness and effectiveness of "PDCA". Emphasis is placed on closed-loop control during system operation. Each unit will be evaluated, remarked, analyzed and improved in each quarter to form an effective guiding role. As a result, it has strengthened the initiative planning of managers in all levels, actively promoted the resumption awareness of safety management, and promoted each unit to continuously improve safety management performance.

Revise and complete safety accident accountability management system according to the principles of "One Post and Two Responsibilities, Party and Government Sharing Same Responsibility, Regional Accountability and Strict Accountability" as well as reflect the principle of well-defined punishment and reward. The Company has established a safety positive motivation system for all employees to conduct performance evaluation of each unit on a quarterly basis. Difficulty grade of each unit has been set according to the production process and scale of each unit, quantity and degree of major safety risks, personnel structure, investigation of basic conditions of safety management risks of the Company, and the testing and appraisal conditions. Big risk comes with big motivation to inspire employees to initiatively take part in safety management. In 2013, the Company rewarded 63 excellent safety work teams and 226 excellent practitioners.

Enriching Education Approaches and Strengthening Cultivation of Standardized Behaviors

Launch special training for branch directors and operation heads in rotation concerning safety management and establish a safety management research and studies platform. Help basic-level managers to make clear of tasks, unify recognition, master methods and improve ability by means of special safety business lecturing and question answering. Organize branch managers to launch actual practice focusing on the theme of safety, guide and help basic-level managers to launch site problem diagnosis and conduct systematic analysis according to regional safety characteristics, thus forming results like safety management research and studies briefing and actual management summary report. The Company launched 7 times of basic-level manager safety management research and studies involving 109 person-times in the whole year, thus promoting the improvement of safety business and practical application ability of basic-level managers.

Actively explore multiple forms for improvement of actual effect of safety learning. The Company prepares Reference for Safety Learning of Groups of Baoshan Iron & Steel Co., Ltd. every month based on staged and seasonal safety management and control focuses and adopts various means including cartoon, case video, etc.; each unit shall refine and sort the contents of the safety learning of groups and explore well-targeted and characteristic group learning activity forms based on the safety production characteristics and actual conditions of the local area so as to improve employees' learning interest.

Improve accident notification learning form to improve the pertinence of accident learning. Make clear of key learning objects according to the characteristics of the accident, highlight the drawing inferences about other cases from the learning contents, organize employees to conduct well-targeted learning based on the reasons of accidents, identify safety risks in post operation activities, and review site hidden danger and standardized operation conditions. The burdens of the employees for accident notification learning have been lightened, and the actual effect of accident case learning and the hazard identification and risk control capacity of the employees have been improved through improvement and optimization of the accident learning method.

Strengthening Risk Management and Control and Focusing on Troubleshooting of Hidden Danger

In order to further lower the safety management risks, each unit shall launch major consequence risk point gridding sorting according to the characteristics of regional risks, identify risk points that may cause mass deaths and casualties according to classification of processes, equipment and operations, organize the perfection of relevant management and control measures and standards, and eliminate the potential safety hazards. The analysis of quality conditions of hidden dangers has been launched and method of the equal sampling is adopted to conduct comprehensive analysis and scoring in terms of risk relevancy, timeliness and effectiveness of rectification, and responsibility closed loop. Also, criteria and score ranking results of each unit have been released in safety regular meeting. Take safety hazards discovered on the site as cases and start from management to launch deep-level cause analysis, dig roots of hidden dangers and management deficiencies, and strengthen the pertinence and effectiveness of hidden danger troubleshooting and rectification work.

Implementing Special Inspection and Strengthening Site Management and Control

Perfect a multi-level and multidimensional layered inspection model featuring "Joint Patrolling + Prior Inspection + Special Inspection + Special Diagnosis + Daily Inspection" and attach great importance to early-stage planning of the site management and control. Based on the characteristics of staged technical improvement construction and intensive overhaul, the Company establishes special safety management scheme, deeply review and control each special construction scheme, and establish a safety supervision group of the Company to conduct uninterrupted tracking and supervision around the clock to ensure the controlled safety of construction process.

Appointing Coordination Safety Manager of Meishan Iron & Steel Company

In order to strengthen coordinated safety management, Meishan Iron & Steel Company assigns coordination safety managers and coordination safety administrators in some coordination teams and helps them fulfill the safety management requirements of Meishan Iron & Steel Company and complete their own safety management system.

Relying on Employees, Promoting Employees' Development and Caring for Employees

The trade union of the Company sticks to the tenet of "Maintaining Employees' Rights and Benefits, Promoting Enterprise Development and Striving for Employees' Interests", centers on the central tasks of production operation of the Company and makes innovations for changes under the leadership of Party committee and superior trade union of the Company, and proposes the focusing of "Serving Employees" to improve employees' dedication and satisfaction to the enterprise; highlight "Developing Employees" and boost the working idea of "Two Focuses and Two Boosts" for the joint development between employees and enterprise, give full play to the system capacity of trade union based on the mass line education practice of the Party, continuously improve the working ability of the masses under the new situation, and perform the responsibilities of the trade union to serve enterprise and employees. As a result, the progress of each task is effective.

● Perfecting the Basic system

The Company attaches great importance to democratic management of the enterprise, always sticks to the maintenance of employees' legitimate rights and interests of the employees from the source, insists that major matters involving the vital interests of the employees must be approved by workers' congress through voting, and adheres to giving full play to the political participation of representatives of the workers' congress, so as to promote harmonious development of the enterprise. Further give play to the functions of comprehensive democratic management committee of the workers' congress, standardize the performance of democratic procedures of each representative proposal which shall be approved with most affirmative votes. Multiple democratic management systems have been established and perfected, including daily contact system of company leaders and employee representatives, negotiation and communication meeting system of leaders and employees, employee reception day system, system of leaders taking personal charge of shifts in basic-level work zone, etc.. Organize employees representatives to conduct democratic review of company leaders and directly responsible cadres as well as safety resumption evaluation of the managers.

● Solving Employees' Top 3 Problems

The Company attaches great importance to employees' demands. It has established an "Employee Life Logistics Quick Response Work System" and formed a work team as well as established employee life logistics quick response mechanism scheme. The Company has enhanced promoting efforts. To be specific, it has carried out special supervision and survey of life logistics facilities like employees' changing buildings, bathrooms, toilets, dining halls, and bachelor quarters and dynamically increased 48 life logistics rectification projects which have been rectified one by one. 825 toilets on the site comprehensively surveyed. It was turned out that 61 toilets should be reconstructed by the Company. The reconstruction of 50 of these 61 toilets was completed in the year and the remaining will be rectified and completed next year. According to the suggestions of employees on the quality of the working lunch, the Company carried out "Food Ordering" working lunch pilot project in 3 dining halls including the dining hall of Silicon Steel Department. Besides, the Company has organized the patrolling of night position meal for multiple times and enhanced the food standards and increased food varieties upon employees' appeal. As for the problem that the employees had problem with the practice that the money of working lunch in IC card was cleared at the end of each month, the Company timely set up a project and properly assign costs. As a result, this work was completed within a short term and thus made it convenient for employees to use. In order to further expand the contents of employees' health security plan programs, the Company increased physical examination, increased book stores and opened DIY tour programs. The diversified opinions were widely favored by the employees. Facing the expectations of the employees, the Company actively promoted the pilot work of "Four Shifts and Two Operations". With the continuous expansion of coverage, the ratio of employees included in this pilot work currently increased from 43.7% at the year beginning to 76% at present. Besides, the Company explored and practiced in terms of humanistic care in some main operation positions with high labor intensity. The summer this year was so rarely hot. The Company paid great attention to the occupational health of employees and increased the efforts and funds to ensure site heatstroke prevention. Meanwhile, the Company also comforted the workers on the construction site as well as relevant production units during annual repair and first-aid repair. As a result, the occupational health of employees and the safe site construction were guaranteed. No single case of sunstroke occurred this summer.



▲ The leaders of the Company comforted the workers on the site against high temperature

● Employee Quality Building

The Company attaches great importance to the improvement of overall quality of employee team especially the talent cultivation work of front-line employees. The Company actively advances innovation work of a mass character; cultivates backup teams for innovative talents, and establishes a "Kong Liming" innovative talent team. The Company increases 11 innovation studios under the guidance of "Demonstrative Employee Studio of Baosteel Group" including Kong Liming Studio. Also, the Company continuously launched site improvement and solved site problems. Ding Haishao was honored as "Shanghai Top 10 Worker Inventors"; Li Shanqing was honored as "Shanghai Top 10 Scientific and Technical Talents"; Kong Liming won the title of "National Machinery Metallurgy and Building Material System Gold Medal Model Worker"; "Gao Yuqiang Technical Innovation Incubation Studio" was rated as "Li Bin Type Model Innovation Studio"; the innovation studio formed by 4 employees including Yang Jianhua was honored as "Top 10 Innovation Studios" of Baosteel. The Company also establishes and promotes as well as formally launches a three-year plan for construction of employee innovation studios. Furthermore, the Company launches an all staff labor competition with the aim of "Improving manufacturing capacity and realizing cost reduction and efficiency improvement of RMB 2.066 billion Yuan" and actively created a competing atmosphere of "Comparing, Studying, Catching up, Helping and Surpassing". In 2013, the Company realized actual cost reduction and efficiency improvement of RMB 2.084 billion Yuan, presenting a completion ratio of 101%; launch same process benchmarking improvement labor competition. Various indexes were significantly optimized; launch "Three Comparisons and Two Competitions" labor competition for standardized operation as well as "Shuangyou Project" labor competition for Zhanjiang Project.

Relations with Investors

● Implementing Largest-scale Stock Repurchase of A Share in the History

In September 2012, the Company held an interim shareholder meeting and discussed and approved a proposal for stock repurchase. To be specific, it repurchased the company shares with a total fund not exceeding RMB 5 billion Yuan and a price not exceeding RMB 5 Yuan per share. On May 21, 2013, the repurchase scheme of the Company was successfully implemented. The share price of the Company was closed at 4.98 Yuan/share on that day, presenting a growth rate of approximately 22% compared with 4.07 Yuan/share of the day before announcement of repurchase. The total amount of repurchase of the Company was RMB 5 billion Yuan (including commission). The Company repurchased and canceled 1,040,000,000 shares. The maximum price and the minimum price of repurchase were 5.00 Yuan/share and 4.51 Yuan/share respectively.

The stock repurchase plan of the Company opened the precedent of A share repurchase in recent four years. It was the largest scale of repurchase in the history of A share. Therefore, it obtained wide praise from media, regulatory layer and capital market. It was thus rated as one of Top 10 News of China's Capital Market in 2012. After repurchase, the social circulation shares of the Company reduced by approximately 23.7%, and the shareholding ratio of Baosteel Group increased from originally 74.97% to 79.71%. The repurchase cancellation improved net asset value per share and earnings per share and increased the value of shareholders for a long term.

● Continuously Expanding Communication with Capital Market

The Company has always attached importance to the relations with investors and thus actively launched communication with investors. In 2013, the Company received 63 batches of domestic and foreign institutional investors (262 person-times in total) coming to conduct investigation, arranged 24 batches of investors to visit the plant areas and held 15 teleconferences; the investor relations (hereinafter referred to as IR) team of the Company took part in 6 large investor communication meetings held by UBS, Goldman Sachs, Nomura, CitiBank and Morgan Stanley; meanwhile, the Company also held online performance explanation session for 4 times, site analyst performance explanation session for 2 times and overseas analyst teleconference for 2 times.

Besides, the Company further expanded the channels and methods for the communication with investors:

- 1) In September 2013, Zhu Kebing, Secretary of the Board and Financial Director, led the Board Secretary's Office to participate in non-transaction road show of listed companies held by CitiBank. During this period, the Company conducted 11 one-to-one meetings and 1 group meeting in San Francisco, Boston and New York and visited 9 institutions and 22 investors. The interaction and communication with important investors like Blackrock, Janus Capital and GEAsset Management deepened investors' understanding of the Company and realized the goal of publicizing the investment value of the Company and establishing a favorable company image in the capital market. The investors welcomed the first overseas non-transaction road show of the Company and also expected that the Company could be listed abroad to increase overseas institutional investors' options for high-quality tape blue chip of China's basic industry.
- 2) In August, General Manager Dai Zhihao took part in China Listed Company Summit organized by CCTV and participated in the group discussion of "Change of Transformation" Forum. Meanwhile, he was involved an exclusive interview after the summit and specifically introduced the latest strategic planning of the Company.
- 3) In October, the Company took part in "I Invest and I Participate-2013 Network Road Show of Listed Companies in Shanghai" planned by Shanghai Securities Regulatory Bureau and sponsored by www.hexun.com. Zhu Kebing, Secretary of the board, received a video interview during which he introduced the performance of interim statements of the Company, arrangement of cash flow and future planning and development in detail for investors to click and browse.

● Further Improving Dividend Distribution Ratio and Improving Payback to Investors

The Company fully considers the demands of investors for dividends. As early as the annual general meeting of shareholders in 2004, the Company approved a proposal concerning cash dividend policy which clearly stipulated that the ratio of cash dividends distributed by the Company every year should not lower than 40% of net profit of current year.

Since the listing in December 2000, the Company distributed accumulated dividends amounting to RMB 50.892 billion Yuan (including cash repurchase amount) as of December 31, 2013, taking up 47.32% of consolidated statements of the Company.

In order to further stabilize investors' expectations and improve investors' returns, the Company approved a resolution in the annual general meeting of shareholders of 2012 to increase the distribution ratio of dividends again and modified relevant clause concerning dividend distribution as "The cash dividends distributed every year shall not be lower than 50% of net profit of consolidated statements audited in current year belonging to the parent company".

Purchase of Bulk Raw Material

In 2013, the world economy developed weakly despite stability. The demands of main developed economic entities were not radically improved. Due to the influence of structural adjustment, transformation and upgrading, China's economic growth also began to slow down and the growth rate of demands for iron & steel also declined gradually. However, since the production capacity of iron & steel industry was relatively high, and the situation of oversupply couldn't be changed within a short run, the iron & steel enterprises faced low efficiency and great business difficulties under the influence of environmental resource pressure and rise of cost of production factors. Although the price of crude fuel used for iron & steel production declined slightly especially for the purchasing prices of coal, coke and waste steel which declined in a relatively significant way on a year-on-year basis with the drop of price of steel so as to create conditions for the reduction of production cost, the price of iron core still reduced in a very insignificant way due to the monopoly of foreign mines and the influence of increase of output of iron & steel. It is a dominant factor restricting the significant decline of cost.



● Mutual Benefit, Win-win Result, Risk Sharing and Joint Development

Based on the characteristics of crude fuel market, each department of Purchase Center launches work by centering on three major objectives, i.e. "Guaranteeing Supply, Lowering Cost and Optimizing Service" and initially responds to the changes of raw material market. Under the precondition that the supply of crude fuel is guaranteed, they shift the focus to the realization of value creation by purchasing. Moves like strengthening market research and judgment and linkage of production, supply and sales, and optimization of purchase strategies have been adopted to effectively lower the purchasing cost of raw materials and make contributions to ensure the No. 1 position of the Company in the industry. Facing the new situation and new changes in iron & steel raw material market, the Company focuses on the long-term stable supply of raw material resources, deeply promote the win-win cooperation with strategic suppliers and continuously deepen supplier manager according to the principles of mutual benefit, win-win result, risk sharing and joint development.

● Supplier' Environmental Management System Certification

Continuously promote the suppliers to implement environmental management system certification (ISO14001). When introducing new suppliers, the Company gives priority to suppliers who have already passed environmental management system certification. The number of eligible suppliers cooperated by Raw Material Purchase Center of Baoshan Iron & Steel Co., Ltd. reached 350 at the end of 2013, and the number of suppliers passing environmental management system certification reached 50. In 2013, the certification rate of ISO14001 of the suppliers reached 14% in 2013. As for the selection of ship carriers, they are required to pass ISM/NSM system certification or their ships must be managed by ship management companies passing ISM/NSM system certification. The ratio of key carriers of the Company passing ISM/NSM system certification reached 100% in 2013.

● Green Purchase

As an important part of environmental operation of Baosteel, green purchase not only plays an important role in realizing sustainable development but also promotes the improvement of comprehensive capacity of suppliers so as to cultivate green partners and reveal Baosteel's social responsibilities. In order to implement the strategy of environmental operation and implement company leaders' requirements for green purchase, the Raw Material Purchase Center guides and encourages suppliers to promote ISO14001 certification through processes like supplier evaluation, access and contract signing. The management policy of the Company (i.e. "pay close attention to users, reduce pollution and control hazards, save energy and lower consumption, prevent risks, improve innovation, realize lean and efficient production, ensure harmonious development and build a most competitive iron & steel enterprise in the world) and the requirements clearly proposed to the suppliers for environmental protection ("Baosteel pays close attention to the performance of suppliers in environmental management system, clean production and social responsibility, strengthens the communication and information delivery with suppliers, and dedicates to building green supply chain with the suppliers together") have been increased in the text of raw material purchase contract.

In order to deeply promote green purchase work, the Raw Material Purchase Center of Baosteel practices the green declaration of Baosteel. After successful presenting iron alloy green purchase supply chain-Qinghai Wutong last year, it has vigorously guided the construction of green mines to practice social responsibilities this year. Anhui Wanbao, a representative enterprise of Baosteel and domestic limestone industry, is one of leaders carrying the green business concept of Baosteel. Its effective environmental operation performance and social effect have vigorously driven other raw material suppliers of Baosteel to continuously improve environmental operation capacity and constantly extend the green supply chain of iron & steel raw materials.

● Sunshine Purchase

In 2013, the Company strengthened warning education and case study with completion of system and flow as basic support and purchase information system as basic guarantee and continuously and deeply promoted the work of "Sunshine Purchase" according to "standardized and transparent" purchase supply flow. Furthermore, the Company focused on identification, prevention and control of incorruption risks in sensitive posts to make sure the purchase system flow was transparent, the risks were controlled and the personnel were safe; also, the Company further completed the construction of raw material purchase digitalized platform, actively promoted online coordination of suppliers and effectively improve labor productivity.

Purchase of Materials, Equipment and Spare Parts

Supplier Management

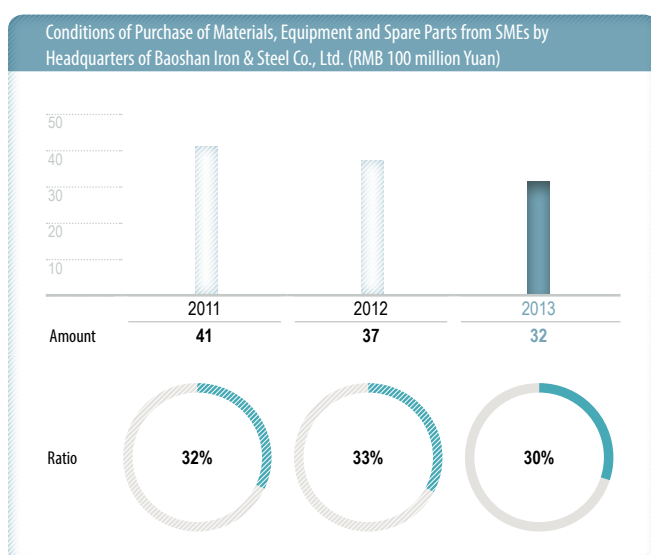
Communication and Cooperation with Suppliers

The headquarters of the Company launches coordination of production, supply and research when purchasing materials, equipment and spare parts. The Company cooperates with Direct Plant Headquarters to establish a platform for coordination of supply and demand and lowering of cost to form a common responsibility system. Also, it has determined 7 projects including low-cost substitution of materials used for production of silicon steel, promotion of cost reduction of auxiliary materials used for steelmaking, and lowering of comprehensive cost of rolling. Moves like optimized valuation model, strengthened competitive purchase and promotion of low-cost substitution are applied to lower materialization cost of process per ton steel and promote comprehensive coordinated cost reduction in the Company.

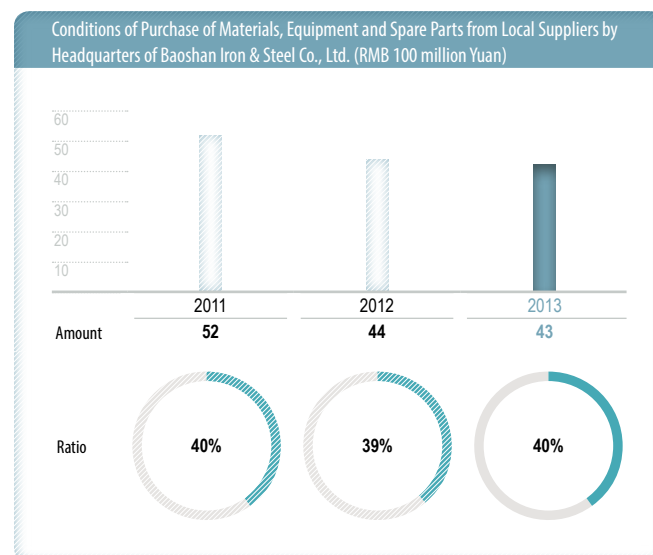
In September 2013, Baosteel Talent Development Institute held purchase supply chain research and studies activity (Refractory and Accessory Workshop). A total number of 31 refractory and accessory suppliers were invited to take part in this activity. The activity intensively introduced the construction objective of purchase supply chain of Baosteel to the suppliers, explained the demands of Baosteel, reached a common understanding of development, pursued long-term win-win situation, improved the overall competitiveness of the purchase supply chain, and established "Clean, Open, Win-win, Long-term and Stable Partnership".

Actual Performance of Purchase from SMEs and Local Purchase

According to *Regulations on Classification Standards of Small and Medium-sized Enterprises* (L.Q.Y. [2011] No. 300 Document of Ministry of Industry and Information Technology), small and medium-sized suppliers are determined according to the standard that the registered capital is not more than RMB 10 million Yuan (translated if foreign currency is adopted). In recent three years, the actual performance data concerning the purchase of materials, equipment and spare parts from SMEs by headquarters of Baoshan Iron & Steel Co., Ltd. are shown in the following chart (except import).



If the producing enterprises registered in Shanghai are defined as local suppliers (except trading enterprises, agents and foreign-funded companies in China), the purchase of materials, equipment and spare parts from local suppliers by headquarters of Baoshan Iron & Steel Co., Ltd. in recent three years are shown in the following chart.



Public Purchase

In order to prevent risks and practice sunshine purchase, materials, equipment and spare parts purchasers in the headquarters of the Company conduct systematic sorting of nearly 10,000 types of scattered articles and reasonably pack articles matching the bidding rules to implement public purchase from the whole society according to the principle of "equity and fairness". Excellent suppliers in the industry are attracted to take part in it. In 2013, the scattered products publicly traced and contracted by the Company through the industrial product supermarket platform established in previous year exceeded RMB 100 million Yuan. 184 suppliers were attracted to apply for 621 times in total. 139 suppliers passed auditing and took part in bidding for 440 times.

Quality Management

In 2013, materials, equipment and spare parts purchasers in the headquarters of the Company implemented spot check of important materials, equipment and spare parts with high added value, vulnerable to adulteration, with instable quality and directing influencing products according to the annual plan with incoming inspection and quality unannounced inspection of important materials, equipment and spare parts as approaches and improving of physical quality of materials, equipment and spare parts as objective; meanwhile, technical department and using departments were organized to conduct unannounced inspection of important materials, equipment and spare parts; the purchasers tracked and analyzed the actual quality management and control performance of key materials and equipment including auxiliary materials for steelmaking, rolled steel coating and packing material every month and fed the results back to suppliers in writing as well as requested the suppliers to establish and implement improving measures in order to reach the effective monitoring of product manufacturing of suppliers.

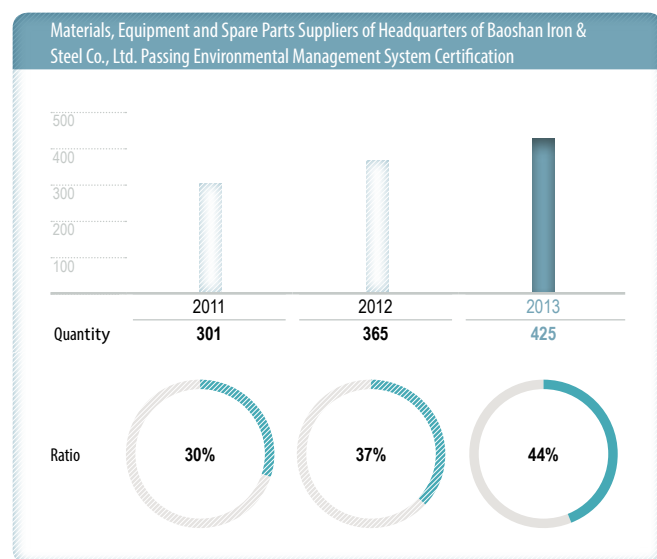
In September, European Chemicals Agency (ECHA) released the tenth batch of 7 substances of very high concern (SVHC). After assessment and confirmation organized, the direct production materials used for the cold rolling products of headquarters of the Company fully comply with the requirements of ECHA.

Green Purchase

The release of *Green Purchase Guide* (Version 1) of Baosteel has effectively promoted the green purchase of the company and driven the suppliers to improve their management and perform the social responsibilities for energy conservation and environmental protection.

Suppliers Passing Environmental Management System Certification

In recent three years, the Company has intensively promoted the system certification of manufacturing suppliers with relatively big environmental load. The passing rate of environmental management system certification by materials, equipment and spare parts suppliers of headquarters of Baoshan Iron & Steel Co., Ltd. has improved stably. Relevant data concerning the passing rate of environmental management system certification by materials, equipment and spare parts suppliers of headquarters of the Company in recent three years is shown in the following diagram.



Assisting Small and Medium-sized Suppliers in Establishing Product Life Cycle Assessment (LCA)

Based on two product life cycle assessment (LCA) projects of "Research and Application of Life Cycle Assessment of Refractory Materials" and "Research and Application of Life Cycle Assessment of Auxiliary Materials", the Company has launched full LCA work for products like nonferrous products, electrodes and rollers. The Company has studied and communicated with the purchasers of famous domestic and foreign enterprises like POSCO of South Korea, GE of USA, Total of France, Shanghai GM, Chang'an Ford, Ricoh of Japan, Mitsubishi Heavy Industries of Japan, Aluminum Corporation of China and Qingdao Haier concerning green purchase.

Purchase of Green Articles

By the end of 2013, the Company already identified the green attributes of nearly 180,000 varieties of materials, equipment and spare parts (over 150,000 varieties at the end of 2012), taking up approximately 52% of total number of varieties of materials, equipment and spare parts. The data concerning purchase conditions of green articles (identified) of the headquarters of the Company in recent three year is shown in the following diagram.

E-commerce

The Company has always been committed to building a high efficiency supply chain that enables the mutual development of the company and suppliers. To enhance the on-line synergy of both parties, the company established a well-functioned e-commerce platform, set up an efficient and convenient supplier synergy system as well as smooth and professional procurement service hotlines. By the end of 2013, the order on-line synergy ratio reached 98.5%, the e-contract ratio 81.5%. This is not only greatly enhanced the synergy efficiency but also cut off the paper and energy consumption.

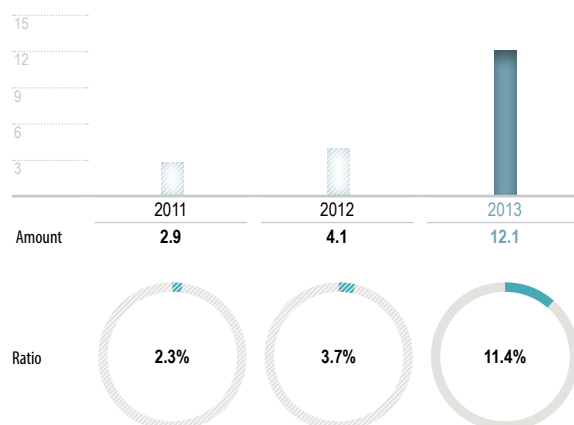
Idle Asset Management

In 2013, the total quantity of recycled waste materials, equipment and spare parts of the headquarters of the Company reached 145,000 t, including 6,283t of zinc dross and tin mud and 547t of waste oil. The amount of recycling reached RMB 144,860,000 Yuan. As for the recycling of old and waste materials and goods, the Company promoted internal recycling of roller group. Changzhou Roller Plant was responsible for recycling waste and old cold rollers (including silicon steel roller). Nantong Roller Plant was responsible for recycling of a certain quantity of hot rollers. In particular, after recycling of professional plant, the recycling quantity and sales amount of cold rollers were significantly improved, reaching 2.3 times and 2.7 times of those of last year respectively.



Coping and Detection of Cold Rolls

Conditions of Green Purchase of Materials, Equipment and Spare Parts of Headquarters of Baoshan Iron & Steel Co., Ltd. (RMB 10000 million yuan)



Green Marketing

Product quality certificate and label are attached with green marks. With the strengthening of environmental protection awareness of society and the gradually emerging of legal effect, the manufacturing industry has realized the importance of supply chain cooperation to implement control of hazardous substances. Based on the current situation, the Company has launched third-party certification of green mark and obtained the authorized use of such mark in quality certificate and label. Line printing of green mark has already been realized. This application has directly exhibited the compliance of Baosteel products with RoHS directives and REACH, thus not only proving product compliance but also enhancing product identifiability and realize brand appreciation of the Company.

Accelerate pickling certification progress to satisfy users' resource demands. The pickling production line of Meishan Iron & Steel Company was put into operation in 2011. After only two years, quick progress was obtained in terms of variety and quality. In order to better popularize and apply the pickling products of Meishan Iron & Steel Company to key users like automotive and home appliance, the Company launched special pickling product certification advancing work. In 2013, the Company increased 24 certification users in a rolling manner and successfully passed the certification of key users including Dongfeng Nissan, ITKS and Haier. The newly added automotive pickling steel reached 60,000t. While realizing resource balancing, Meishan Iron & Steel Company improved its profitability.

Continue the marketing of OA products and satisfy individualized demands of the industry. In 2013, based on the completion of certification of industry representative users and realization of batch stable supply of favorable electric conduction type electro-galvanizing products of Baosteel, the certification work of favorable electric conduction deep-drawing type electro-galvanizing realized relatively significant breakthrough. The certification of industry representative users and batch supply of deep-drawing products were completed. With the collective efforts of production, sales and research teams, the sales volume of OA products in 2013 reached 53,500t, presenting a year-on-year growth rate of 41.9%. The sales volume thus realized high-speed growth for four consecutive years.

Environment-friendly Products and Processes

Hot galvanizing inorganic solid lubricating material (GI-T): In order to satisfy the technical cost lowering demands of automobile factories, Baosteel develops GI-T green and environment-friendly products. After technical marketing and market popularization, the Company launches certification and application of GI-T products in key automobile users to realize the lowering of group of drawing of materials and improve the stability of drawing. Besides, the stamping oil can be partially replaced and the degreasing cleaning process is reduced. As a result, the technical cost lowering is realized and favorable environmental performance is obtained.

Single enameling glassed steel BTC4D product: The Company successfully researches and develops single enameling glassed steel BTC4D product and realizes batch supply to simplify users' processing procedures. The strengthening of administration of SO₂ generated by coal-fired power plants is a major move adopted by the state to improve the atmospheric environmental quality and strengthen environmental protection. The successful application of this product in the desulfurization and denitration heat exchanger elements of thermal power plants not only helps thermal power plants reduce the emission of sulfur and improve equipment's service life but also eliminate pretreatment processes including degreasing and pickling before enameling and simplify two-enameling and two-sintering process to one-enameling and one-sintering process to benefit the equipment manufacturers to shorten manufacturing process, lower production cost and reduce environmental pollution.

BW450 wide-body dump truck project: Through early vendor involvement (EVI) with the production plan of wide-body dump truck of a certain commercial automobile company, the Company has cooperated with the user to develop U-groove dump truck. 8~10mm and 6~8mm thick BW450 materials has replaced the original 20mm and 16mm thick Q345 materials. When such materials are used to fabricate floor and side panel of U-groove dump truck, the material thickness is reduced, and the weight of truck body is lightened. The weight of single carriage is reduced by 30%~50%. The service life of the dump truck can reach three times of the original life on the basis that the overall rigidity of the carriage fully meets user's requirements.

High-grade oriented silicon steel application project: During the popularization of top high-grade oriented silicon steel in a certain transformer plant, the Company has involved with the comparative study of projects of the users in the early stage, involving S13 distribution transformer material selection and replacing S13 efficient and energy-saving material with S7 distribution transformer. In S13 distribution transformer material selection project, the Company helps the users successfully lower the consumption of silicon steel material by 8.3% and save cost by 4.7% by giving full play to the advantages of performance of Baosteel B23R080 silicon steel sheet and improving the design field density; during the research of replacing S7 distribution transformer with S13 type, Baosteel uses B27R085 material to replace B30P105 material to lower the carbon emission by over 10%. Therefore, the Company helps the user to improve product energy efficient limit level and energy conservation evaluation level. Through close cooperation of the two parties, the manufacturing cost of the users is further lowered. The ratio of oriented steel of Baosteel adopts reaches 90% and above.



Outer Panel of the Car



U-groove dump truck



Combined-type flue gas desulfurization device of thermal power plant



Transformer

Customer Service

Focus on the launch of construction of technical service system: Implements the design objectives of technical service system featuring "Focusing on Market and Site and Running through Pre-sales, in-sales and after-sales Processes", the Company continuously deepened and promoted the construction of three-level technical service system in 2013. Also, it advanced the construction of domestic zero-level service system and regional virtual team based on the integration of three-level technical services combining all technical strengths of the Company and quick response mechanism, implemented differentiated customer service strategies, quickly responded to user demands and improved users' satisfaction. In 2013, users' satisfaction for the technical services of Baosteel was kept at a relatively high level above 92 points.

Continuously deepen EVI technical service of auto sheets and explore and form new models for overall solutions of non-auto sheet steel and iron material. New progress has been obtained in the exploration of EVI service model of auto sheets, and the unique model of Baosteel has been determined. In 2013, over 200 projects were sorted. The effective promotion of EVI work has been guaranteed through the coordination among the Research Institute, Baosteel International Company, etc.. Organize and hold Baosteel auto sheet EVI forum with the theme of "Green, Safety and Cost-Future Road of Auto and Iron & Steel Industry which obtains favorable feedbacks from users, thus revealing the influence of technical marketing of Baosteel as well as reflecting the characteristics of transformation from manufacturing and service. In non-auto sheet industry, the Company established 10 EVI projects in eight non-auto industries in 2013. Staged achievements have already been obtained in some projects. During the cooperation with Haier, the Company has taken the lead and established "Baosteel-Haier Home Appliance Steel Joint Laboratory" and selected 14 "Haier-Baosteel Strategic Cooperation Projects" from multiple aspects including new product substitution, material substitution and logistics. Through stable promotion of project cooperation, the Company has further improved technical service comprehensive capacity of major accounts of home appliances of Baosteel.

Improve the identification of customers' demands and ensure the accuracy of communication, and promote the coordination of market and site. The precise mastering and satisfying of customers' demands is an effective approach to realize product differentiated competition. In order to identify and pass on customers' technical demands in a more accurate way, provide basis for site differentiated production and quality control, and strive to reduce user complaints and quality objections complying with standards and not complying with users' demands, the Company strived to realized quick circulation and sharing of customers' demands and promote the pertinence of product manufacturing in 2013 by intensively strengthening source management, completing the functions of order inquiry system, dynamically sorting standard+α protocol, building and reflecting final usage code APN of thin plate products reflecting product functions, improving the correctness of selection for PSR, etc..

Standardize stationed management of "Customer Satisfaction". In order to adapt to service demands of newly expanded user industries, the Company timely adjusted the service scope assigned by customer representatives based on customer management work in 2013. According to the conditions learned by the customer representatives on users' sites, the internal training of work communication mechanism of customer representatives has been

reinforced. Meanwhile, the information communication flow and method of customer representatives have been further clarified and standardized according to pre-sales, in-sales and after-sales flows, thus promoting the improvement of overall service concepts, service focuses, service specifications and service skills of customer representatives.

The following table indicates the actual performance of user satisfaction in different quarters from 2010 to 2013.

Annual	Objective	Actual performance of the first quarter	Actual performance of the second quarter	Actual performance of the third quarter	Actual performance of the fourth quarter
2010	90	90.1	90.7	89	90.6
2011	90	90.5	90.1	89.9	90.8
2012	90	90.5	91.0	90.8	91.0
2013	91	90.6	90.2	91.1	91.9

Baosteel Successfully Holding the Second Baosteel Auto Sheet EVI Forum

In September, Baosteel held the Second Baosteel Auto Sheet EVI Forum in Dalian. More than 600 participants including experts from Society of Automotive Engineering of China, Nissan Headquarters, GM Headquarters and Asia-Pacific Regional Certification, main automotive engine factories and parts suppliers at home and abroad and experts, R&D personnel, design personnel, marketing personnel and purchasing personnel from automobile industry and iron & steel industry at home and abroad gathered together and jointly discussed the future of China's automobile industry and iron & steel industry centering on the theme of "Green, Safety and Cost".

The forum initially released automotive steel ecological design case based on LCA method. The case took small assembly of column B of a certain passenger car and analyzed and compared the lightweight effect, cost and environmental performance of carbon emission between three high-strength steel schemes and benchmark common steel schemes of small assembly of column B. The small assembly structure is subdivided to exterior panel, reinforcing plate and interior panel, involving 8 high-strength steel grades including QP980 and DP780 as well as processing and molding methods of hot press molding, laser welding of tailored blanks, etc.. Compared with traditional steel use, these three new schemes can reduce emission by 41kg, 50kg and 45kg respectively. The proper increase of carbon emission during procession has resulted in significant reduction of carbon emission during application.

Successful Holding of Baosteel Hot-rolling Green Commercial Vehicle Introduction and Marketing Meeting

In September, Baosteel held Baosteel Hot-rolling Green Commercial Vehicle Introduction and Marketing Meeting in Yunnan. Over 60 users in the industry took part in this meeting and shared the green products and green concept of commercial vehicle industry.

The meeting intensively introduced the application of high-strength steel and wear-resistant steel products in vehicles and the effect reached in terms of weight lightening, emission reduction and extension of service life. The commercial vehicle representative users also shared the experience that Baosteel jointly developed wear-resistant mixer truck and new dump truck by means of EVI model. The products and service models of Baosteel were recognized by commercial vehicle industry. Multiple users put forward their demands for joint development of energy-saving and emission reduction new vehicles. The meeting obtained the expected effect.

Holding Home Appliance Steel Development Forum to Reach a Common Understanding of Development of Industrial Chain

In December, Baosteel successfully held Baosteel Home Appliance Steel Development Forum & User Satisfaction Investigation Annual Meeting. The forum passed on such information that Baosteel was further highlighting core contents including metallurgical technological innovation, product upgrading and service and energy conservation and environmental protection to provide market and users with more low-carbon green products.

The theme adopted the theme of "Green, Environmental Protection, High Efficiency and Energy Conservation". Over 300 representatives from over 150 users in the domestic home appliance industry carried out intensive interactive discussion centering on topics including "Application of High-strength Thinned Steel Plate in Home Appliance Industry", "Future Development Trends of Home Appliance Colored Coating" and "Influence of Development Trends of Energy Conservation and Environmental Protection on Silicon Steel" based on the conditions of users and market.

Baosteel will stick to user demand orientation, further offer better user services in terms of technology, region and HR allocation, complete the structure of product varieties, and implement the principle of green and energy conservation, so as to truly realize the transformation from manufacturing to service; explore marketing innovation, accelerate marketing transformation, improve marketing efficiency and deepen the brand building of Baosteel by fully utilizing network platform; go deep to explore innovation of commercial model based on the Internet, expand marketing business platform, etc., improve added value of products, and enhance marketing value and efficiency.

During the new round of development planning period, Baosteel will stick to Scientific Outlook on Development, continuously practice environmental operation strategies, and strive to realize the vision of "Becoming the driver of green industrial chain".

Establishment of Baosteel-Tianwei Baobian Joint Laboratory

In October, Baosteel-Tianwei Baobian Joint Laboratory was formally established. It was a cooperative model that Baoshan Iron & Steel Co., Ltd. joined hands with Tianwei Baobian to build an integrated industrial chain based on performance study of oriented silicon steel material and key technologies of transformer design and manufacturing as well as a kind of practice and exploration of Baoshan Iron & Steel Co., Ltd. to rely on research and development of new products and new technologies to promote the industrial upgrading of Baosteel.

After established of the laboratory, Baoshan Iron & Steel Co., Ltd. and Tianwei Baobian will center on the cultivation of interdisciplinary composite talents, focus on the study of lean control of industrial chain and development of new products and new technologies, establish projects to study commonly concerned issues, and form Joint Research Project Scheme by means of project management to evaluate, check and roll promote the projects on a regular basis.

Green Logistics

Intensified transport and green transport are always a guideline followed by Baosteel. The Company continuously increases the ratio of the railway transport and the water transport and reduces the energy consumption and pollutant discharge/emission during logistics, so as to lower cost and improve efficiency. The Company has strengthened integration of internal resources and optimization of management through strategic cooperation with government departments and domestic and foreign famous enterprises for a long time to realize clean, efficient and safe logistics transport.

● Advocating Clean Logistics



Continuous type ship unloader

Compared with traditional bridge type grab bucket ship unloader, continuous type ship unloader boasts high efficiency, small energy consumption and little dust emission. It has been popularized in domestic and foreign ore coal bulk cargo terminals in a relatively favorable way. Baosteel constructed and commissioned the largest continuous type ship unloader in China at its raw material terminal. After the terminal was put into operation for 3 years, the handling efficiency of continuous type ship unloader was 1.4 times of that of bridge type grab bucket ship unloader; the energy consumption was 34% less than that of bridge type grab bucket ship unloader; and the dust emission was only 33% of that of bridge type grab bucket ship unloader. As a result, a favorable effect was obtained.

Recyclable new fillers are used in the finished product terminal of Baosteel during loading of finished products to replace the original disposable materials, thus not only greatly saving the consumption of timber but also reducing environmental pollution. The terminal effectively implemented the recovery and recycling of shipping reinforcing materials by actively implementing "Clear Shifts and Clear Ships".

Actively launch activities with theme of "Practicing Energy Conservation and Low Carbon and Building a Beautiful Home". In 2013, the greening of Majishan was meticulously maintained in order to construct an ecological port. Professionals were organized to enhance the maintenance and preservation of green in the port area, and the concept of "Environmental Operation" was established in the employees. The Company actively launched the practice of *Oil Pollution Prevention Emergency Plan* to master the quick disposal skills to maintain the safety of sea area. There are Green lawn, flowers of wheatgrass, lush trees around the port area. It makes Baosteel Majishan port become a green card of Zhoushan islands new district.

Protect the environment of plant areas and start from little things. In order to make the environment of the plant areas along the railway cleaner and tidier and maintain a favorable production and living environment of the plant area, the Transport Department took spring "greening protection" action as a department activity and launched it on a regular basis.

● Building Efficient Logistics

Taking the opportunity of upgrading and launch of transport management information system, the Company constructs a complete transport logistics data transmission system by comprehensively applying wireless terminal devices in a series of main operation machineries including port machinery, automobile and tug to realize high-efficient circulation of logistics information. Also, the Company promotes the construction and application of logistics core model represented by ship loading model, Baosteel vehicle independent management platform and automatic recommendation of thick plate goods allocation, gives full play to the professional advantage of logistics management, and improve the operation efficiency of logistics system.

Establish an e-commerce platform to standardize self-service entrustment and business undertaking methods of in-plant transport business, improve the efficiency of service provision for suppliers, and comprehensively promote the improvement of the management capacity and service life of logistics system.

Rely on the advantages of loading terminal in plant area of Baosteel and extend the connotation of transport services. The income from loading/unloading of social resources reached RMB 16 million Yuan all year long.

Utilize the surplus capacity of Majishan Port to undertake social ore transfer business to maximize the throughput of the port. Foreign income amounting to RMB 250 million Yuan was increased all year long.

● Constructing Safety Logistics

Starting from creating a civilized and orderly traffic safety environment and ensuring employees' life safety, the Company establishes a road traffic safety management system and evaluation mechanism of plant areas in the headquarters of the Company to strengthen the responsibility investigation of contract centralizing management department and prompt the effective performance of traffic safety management responsibilities by the contract centralizing management department for coordinative suppliers.

Orienting at "Practicability + Knowledge", combining seasonal characteristics and road environment, and starting from multiple aspects including past accident cases, driving skills and laws and regulations, the Company prepares special learning materials and organizes special training and learning to improve drivers' traffic safety awareness and operational skills and promote the source management of traffic safety.



Stock Ground in Majishan Port-Garden Plant

Paying back to Society

Baosteel has always attached great importance to corporate image and social responsibilities and pursued returns and contributions to society and investors. The biggest social responsibility of Baosteel is to produce more and better iron & steel products in a green and efficient way in order to support national economic construction. Besides, paying back to each stakeholder and society is also an important aspect of social responsibilities of Baosteel. We can have a restricted view of the little things done by Baosteel to pay back society. The love of Baosteel people can be exhibited from several aspects as follows:



Donation and Sponsorship

In 2013, Baoshan Iron & Steel Co., Ltd. donated and sponsored RMB 16.1846 million Yuan. The headquarters of the Company contributed RMB 15.5346 million Yuan and subsidiaries contributed RMB 650,000 Yuan. The donation and sponsorship were mainly used to help and support the poor and support Shanghai Baoshan International Folk Arts Festival, Asian Youth Games, New Rural Construction and Environmental Administration and Rectification Project, etc..

In 2013, the Company donated RMB 8.9 million Yuan to Yunnan. The donation was mainly used to support the poor in four counties of Pu'er, Yunnan Province. To be specific, 24 anti-poverty projects were launched in Zhenyuan, Mojiang, Jiangcheng and Ning'er including entire-village advancement, paired study aid, township hospital construction, rural applicable technical training and industrial development. Also, 1 education training project was launched in Pu'er, Yunnan Province. Through the oriented implementation of anti-poverty projects, the Company improved the living and production level of local people.

In 2013, the Company donated RMB 6.1346 million Yuan to the environmental comprehensive administration project of Youyi Village, Yuepu Town, Baoshan District, via Shanghai Baoshan Environmental Protection Bureau. As a result, the construction of ecological green belts in the original plot covering an area of over 10,000m² was completed. The community environment and people's living quality were obviously improved. Therefore, another public green land was added to Baoshan District and thus improved the regional environmental quality.

The Company donated RMB 500,000 Yuan to Shanghai Baoshan International Folk Arts Festival jointly sponsored by Shanghai Baoshan People's Government, Shanghai Municipal Administration of Culture, Radio, Film & TV, Shanghai Federation of Literature and Art Circles, Baosteel Group, China Shanghai International Arts Center and Shanghai University and took part in various preparations and holding of the arts festival to actively support Shanghai Baoshan International Folk Arts Festival.

In August 2013, the Second Asian Youth Games were held in Nanjing. As a central enterprise stationed in Nanjing, Meishan Iron & Steel Company donated RMB 500,000 Yuan to the organizing committee of Asian Youth Games to support the holding of this event in order to further support the cause of youth sports and fulfill the social responsibilities of central enterprise.

In 2013, Huangshi Coated Sheet Company donated RMB 150,000 Yuan in total to support new rural construction and help poverty-stricken citizens improve their lives.

The details of donations are shown in the following table:

Donator	Unit accepting donation	Amount (RMB 10,000 Yuan)
Headquarters of the Company	Poverty Relief and Development Office of People's Government of Yunnan Province	890.00
	Donation to environmental improvement of Yuepu Town	613.46
	Donation to the Eighth Shanghai Baoshan International Folk Arts Festival	50.00
Meishan Iron & Steel Company	Donation to the Second Asian Youth Games	50.00
Huangshi Coated Sheet Company	Donation to new rural construction of Rural Accounting Service Center of Dawang Town, Yangxin County	15.00
Total		1618.46

● Employees Love Relay

In order to further improve the study conditions of children in poor mountainous areas, we send precious nourishment for the mind to them and guide them to love life and get to know the world. In 2013, the Youth League Committee of Baoshan Iron & Steel Co., Ltd. launched public book donation activity of "Donating a Book and Offering Your Love" within the Company. As a result, over 10,000 volumes of used genuine books and periodicals (magazines) were collected and completely donated to Jiangxi Ruijin Baosteel Hope Primary School to express Baosteel people's love for the students and teachers there.



On October 30, "Dream Coming True Today · Wings of Heart Holding up Hope of Life" Hematopoietic Stem Cell Donation Volunteer Action sponsored by Red Cross Society of China Shanghai Branch, China Communist Youth League Shanghai Branch and Shanghai Municipal Civilization Commission and organized by Baoshan Iron & Steel Co., Ltd. and Baosteel Red Cross, was held in Friendship Hall of Baoshan Hotel. 86 young League members of Baosteel expressed their selfless contributions to social public cause by their actual actions and raised leukemia patients' hope for life.

Since Red Cross Society of China Shanghai Branch and China Communist Youth League Shanghai Branch jointly launched "Hope Project for Life" Hematopoietic Stem Cell Donation Volunteer Action in Baoshan Iron & Steel Co., Ltd. for the first time in 2001, 757 volunteers of Baoshan Iron & Steel Co., Ltd. have joined CMDP Shanghai Branch accumulatively. Baosteel employees carry forward the spirit of Red Cross, i.e. "Humanity, Fraternity and Dedication", care about society and others, and actively join the Hematopoietic Stem Cell Donation Volunteer Action, which have reflected a noble character. Currently, the number of hematopoietic stem cell donors of Baosteel is leading among large enterprises in Shanghai, thus vigorously interpreting the big love of Baosteel people.



Meishan Iron & Steel Company has such a group of young volunteers who are very familiar to the volunteers of Baosteel and even the whole country. They promote the volunteer spirit of "Dedication, Fraternity, Mutual Assistance and Progress" in society and strive to create a loving, volunteering and harmonious Meishan Iron & Steel Company. Zang Yong, a common worker in Energy and Environmental Protection Department, has always been enthusiastic in social and public welfare undertakings. He joined the volunteer team since 1998 and rendered volunteer services for nearly 6,000 hours accumulatively. Zang obtained the China Youth Volunteer Service Gold Award in 2005; he became a torch bearer in 2008 Beijing Olympic Games and took part in Olympic Torch Relay; he was jointly honored by the Communist Youth League Jiangsu Provincial Committee and Jiangsu Volunteer Association as Excellent Volunteer in Jiangsu Province in 2010; he became a key volunteer in Asian Youth Games on July 14, 2013.

Baosteel Volunteers Coming to Shanghai Municipal Hospital of Traditional Chinese Medicine

“ The young employees of Baosteel International joined the volunteer team of our hospital since October 2012, thus filling a new blood. They utilize their rest time on weekends to render volunteer services in our hospital. With youth and passion, they provide the patients with various aids and they were thus deeply welcomed by the patients. During the activities of International Volunteer Day, the hospital organized its own employees and volunteers from Baosteel to launch "Greatest Love under Blue Sky-Good Souls Helping Good Souls" 10,000-Volunteer Donation Action so as to actively publicize the meaning of love outreach to employees and patients and raise donations. All the hospitals are full of praise when talking about volunteers from Baosteel. ”

——Commenting of Shanghai Municipal Hospital of Traditional Chinese Medicine on Volunteers from Baosteel

Over 50 employees of Baosteel International joined the volunteer group since the receiving of Recruitment of Volunteers in October 2012. Besides, this group is still continuously expanding.



● Harmonious Development of Society and Enterprise

"People are kind to each other in neighborhoods". To commonly prosper and co-exist with surrounding residents and make the community more harmonious reflects the responsibility and great mind of an enterprise. Also, it is also a task that must be faced during sustainable development of the enterprise.

Integration into Local Ecological Civilization Construction

In February 2013, Energy and Environmental Protection Department of Baoshan Iron & Steel Co., Ltd. conducted special report and communication with Baoshan People's Government concerning energy and environmental protection planning from 2013 to 2018. When preparing the new round of energy and environmental protection planning of Shanghai, Baoshan Iron & Steel Co., Ltd. adhered to the guiding ideology of "Integrating into Local Ecological Civilization Construction, Providing Positive Energy and Ensuring Sustainable Development Resources and Social Environment of Baosteel" and corresponded to aspects including economic development and structural adjustment, urban administration and construction, energy conservation, emission reduction and ecological construction, water environment administration and protection, administration and protection of atmospheric environment, noise and solid wastes, radiation and soil pollution control based on national economy planning of Baoshan District in "12th Five-year" and specific planning of environmental protection of Baoshan District. The Company aimed to realize the planning objectives of Baoshan Iron & Steel Co., Ltd., i.e. "Creating beneficial social resource environment for the sustainable development of urban-type joint steel plant, maintaining the leading advantages of Baosteel in the industry and making Baoshan District a demonstrative urban district developing with iron & steel enterprises in a harmonious and mutual-benefit way" and "Becoming a demonstrative iron & steel enterprise for green manufacturing and cyclic economy. The participants communicated and reached a common understanding to give play to the respective advantages of government and enterprises. They expressed the determination to join hands to establish planning refining scheme and promote settlement of projects by setting up a long-acting mechanism for information communication, and erecting relevant specialized service platforms, so as to work together to build Baoshan District "an Ecological Urban District Featuring Harmony between Men and Nature and Adapting to Modern Binjiang New Area".



Communicating with Baoshan People's Government on Energy and Environmental Protection Planning

Community Reconstruction Practically for the People

Yuepu Second Village is a residential community built in 1980s. It is only one road across the plant area of Baosteel. Since the sewers of the community are impeded, there will be abundant water accumulated on the roads of the community upon heavy rain. Residents have to wear rain shoes to wade the water. An environmental comprehensive administration and reconstruction project of this community jointly invested by Baoshan Iron & Steel Co., Ltd. and Baoshan People's Government was carried out with the collective efforts of related parties. After reconstruction, the old community was thoroughly remodeled and became a "Pleasant Residential Park" filled with the fragrance of flowers and the sight of green plants.



Yuepu Second Village after Reconstruction



Communication between Energy and Environmental Protection Department and Yuepu Town Government

Seamlessly Matched Community Communication

In each quarter, resident representative of Yuepu Town would take part in special interaction and communication organized by the Party committee of Energy and Environmental Protection Department of Baoshan Iron & Steel Co., Ltd. and the Party committee of Yuepu Town. Here, resident representatives may conduct face-to-face communication with relevant personnel of Baosteel and feedback matters recently concerned by the residents. The representatives of Baosteel have not only brought the concern of Baosteel leaders but also offered excellent practice case in terms of continuous improvement of environment and project administration. In a relaxing atmosphere, problems are timely fed back and difficulties are properly communicated and solved. The practice of sustainable development of Baosteel is also favorably publicized in the community.

Drinking "Baosteel Water" Together and Sharing "Inseparable Relationship between Fish and Water"



Baoshan Lake

Baosteel Reservoir was inscribed and named by Chen Yun (one of the order generation of state leaders) as "Baoshan Lake". It is located in the northern end of Luojing Area and the shoal zone at the main channel of southern branch of the Yangtze River. It is 14km away from the plant area of Baosteel and it is undertaking the production task of delivering 200,000m³-230,000m³ of high-quality raw water to the plant area of Baosteel every day.

Baosteel Reservoir is close to Chenhang Reservoir of Shanghai Municipal Raw Water Co., Ltd.. Actually, these two reservoirs are separated only by a wall. Due to the influence of intrusion of salt tide at Yangtze Estuary every year since February 2004, the concentration of chloride in Chenhang Reservoir continuously surpassed the standard. As a result, qualified water couldn't be timely delivered to Chenhang Reservoir within a short term to result in intense external water supply which may influence the water consumption of city residents. At this point, Baosteel would deliver high-quality raw water to Chenhang Reservoir at once. The maximum scale even reached 300,000m³/day. So far, Baosteel Reservoir supplied water to Chenhang Reservoir when the salt tide suddenly occurred for 10 consecutive years. The total water volume supplied reached 53,670,000m³ and the annual average water volume supplied reached 5,370,000m³. Therefore, it made important contributions to ensuring the quality of drinking water of Shanghai residents and thus reflected that Baosteel actively performed social responsibilities and consciously paid back to society. To this end, Shanghai Municipal Raw Water Co., Ltd. specifically gave a "Wealth Tripod" to Baosteel as a gesture to thank the generous help offered by Baosteel Reservoir to Chenhang Reservoir as always.

Co-construction and Sharing Based on Win-win Cooperation and Mutual Aid

"Baosteel has always cared about and support the work and life of residents in Yuepu Town. When the residents around complained about relatively big noise, after communicating with local government, Baosteel spent a big fund construction sound barrier and other related works at the plant boundary." Relevant leaders of the Party committee of Yuepu Town signed with emotion, "Yuepu Town Government is called as 'Poorest Building and Best Town Government'. The work conditions of the government are not favorable. Talent Development Institute and Party School of Baosteel utilize their high-quality teaching resources to provide training services for cadres, Party members and activists of Party application of Yuepu Town free of charge. When we are to hold other activities, Talent Development Institute will offer palces generously."

Green Production

Objective: To become a demonstrative iron & steel enterprise boasting green manufacturing and circular economy

Environmental Management Guidelines and Organization Structure

Baosteel has established definite energy conservation, emission reduction and environmental protection management guidelines. The headquarters of the Company and producing enterprises in all levels have established relevant functional management departments and assign special full-time/part-time personnel to coordinate and promote energy and environmental management work according to ISO14001 Environmental Management System, *Management System for Energy: Requirements* (GB/T23331-2012) and other relevant laws, regulations and standards of the state.

The management guidelines of energy and environmental management of the Company and relevant management organization structure did not change in 2013. In order to save the space, unnecessary details will not be given. Refer to *Sustainable Development Report* of the Company before 2010.

Management System

Environmental Management System

Baosteel is an enterprise initially launching the implementing standard of ISO14001 Environmental Management System in the domestic iron & steel industry. It was the first enterprise passing the certification of ISO14001 in 1998.

Currently, all iron & steel producing enterprises subordinate to Baoshan Iron & Steel Co., Ltd. passed the certification of ISO 14001 Environmental Management System. Furthermore, 15 of 18 shear distribution centers belonging to Baosteel International and non-iron & steel production units like Baosteel Chemical Company also passed the certification of ISO 14001 Environmental Management System.

Energy Management System

In 2010, Baoshan Iron & Steel Co., Ltd. (headquarters) initially passed national energy management system certification in the domestic iron & steel industry.

In 2011, the Company continuously perfected energy basis management and popularized "Sanliu Yitai" energy control mode (manufacturing flow, energy flow and value flow as well as equipment status) to each production unit. All main iron & steel production units of the Company passed the certification of energy management system.

In 2012, Baoshan Iron & Steel Co., Ltd. (headquarters) and Baosteel-NSC/Arcelor Automotive Steel Sheets Company passed the auditing of three-year pilot of energy management system. The energy management system of Baosteel maintained the certification and registration of GB/T23331-2009 and EnMSGT-2010 *Implementation Rules of Certification of Energy Management System of Iron & Steel Industry* (Trial).

In 2013, the Company became the first iron & steel enterprise that passing the certification of *Management System for Energy: Requirements* (GB/T23331-2012).

Clean Production Auditing

In 2005, Baosteel became the first enterprise in domestic iron & steel industry that obtained the title of "National Environment-friendly Enterprise".

In 2007, Baosteel became one of the first batch of enterprises obtaining the title of "Clean Production and Environment-friendly Enterprise" honored by China Iron & Steel Association.

In 2011, among Shanghai-based enterprises, Headquarters of Baoshan Iron & Steel Co., Ltd., Baosteel-NSC/Arcelor Automotive Steel Sheets Company and Chemical Company applied for auditing of clean production and obtained approval.

In 2012, Baosteel Natong Iron & Steel Company and Yantai Baomit, Shanghai Baosteel Packaging Material Co., Ltd. and Shanghai Baosteel High Strength Steel Processing & Distributing Co., Ltd. subordinate to Baosteel International Company passed the acceptance of clean production auditing. Meanwhile, Yantai Baomit was recognized as an excellent "Clean Production Enterprise" of Shandong Province.

In 2013, the second round of clean production auditing of the headquarters of Baoshan Iron & Steel Co., Ltd. was launched. The site auditing and investigation of clean production and the preparation of report information were carried out in September. Auditing experts launched communication on the spots of ironmaking, cold rolling, silicon steel, etc. for multiple times. It is expected to apply for auditing in the first half of 2014.

Energy and Environment Education and Training

In 2013, the Company launched various training programs centering on five aspects, namely, improvement of the energy and environmental protection management system capacity, implementation of clean production and energy conservation and emission reduction projects, technical preparations of carbon management and carbon emission reduction, environmental performance and social responsibilities, and energy and environmental protection team construction. 57 classes were set up and the number of trainees reached 2,247 person-times. The total credit hours reached 416 credit hours^[Note]. As for basic-level management, in order to strengthen managers' awareness of environmental protection and promote the improvement of lower management level, the Company held branch plant director environmental protection management essentials training class and added energy and environmental protection management courses in operation head qualification training program; as for professional technical level, the Company held 24 training classes of various themes involving environmental protection of construction project, repair and management of desulfurization facilities, mechanism of production and elimination technologies of NO_x of iron & steel plants, technology roadmap of energy conservation and emission reduction of iron & steel industry, energy management system, specification for self-inspection of energy metering of key energy consumers, carbon accounting and carbon assets management and environmental protection knowledge of key process and technical personnel.

Note: Include 23 campus pre-recruitment training classes of Zhanjiang Iron & Steel in 2013. A course named "Environmental Protection and Energy and Environmental Protection" was opened in each class with 8 credit hours. The total number of trainees exceeded 1,500.

Formal Launch of Shanghai Carbon Emission Trading

On November 26, Shanghai carbon emission permit trading started in Shanghai Environment and Energy Exchange. Shanghai established and issued accounting guide of carbon emission permit and the accounting methods of each pilot industry and also determined unified "Weights and Measures" of carbon emission in Shanghai. Also, it was made clear of that Shanghai Environment and Energy Exchange was responsible for organizing the launch of carbon emission permit trading. The trading object was carbon emission quota from 2013 to 2015. This move symbolized that Shanghai established carbon emission quota total quantity control and management system and began to implement standardized management of distribution, payment and transaction of carbon emission quota of enterprises as well as carbon emission monitoring, reporting, auditing, etc.. As a carbon emission permit trading pilot enterprise in Shanghai, Baoshan Iron & Steel Co., Ltd. obtained a certificate of quota of carbon emission permit from 2013 to 2015 on November 26.



Launching Ceremony of Shanghai Carbon Emission Trading

Special: Strengthening the Construction of Control Capacity of Energy System

In 2013, Baoshan Iron & Steel Co., Ltd. became the first iron & steel enterprise passing the certification of GB/T23331-2012 *Management System for Energy: Requirements* (equivalent to ISO50001). Under the guidance of requirements for "Domination, Refining and Process", the Company studied ISO50001 new standard, continuously and stably operated the energy management system with "Sanliu Yitai" as the main connotation, and conducted annual review, upgrading and confirmation of energy consumption sources, important energy consumption sources and key efficiency factors. Furthermore, the Company revised and optimized the operation procedures and the overhaul models of relevant positions, and further improved the degree of standardization of system operation. The national standard of *Guidelines for Implementation of Energy Management System in Iron & Steel Industry* (standard No.: 30258-2013) prepared with Baosteel as the leader was verified and approved and is to be formally implemented since July 1, 2014.

- (1) "Energy Management Performance Evaluation Method" was newly established to further standardize the inspection and general evaluation method of operation conditions of the energy system and strengthened the restriction on each unit to launch energy management activities according to the system requirements. The methods for the system internal audit were continuously innovated and the effectiveness of auditing was further improved.
- (2) Launch special supervision and inspection of execution conditions of indexes of "Sanliu Yitai" of energy management system. Organize energy-saving inspection of each production unit of the Company on a regular basis, and launch special inspection during series periodical repair to make sure the management of energy consumption source control measures and shutdown energy consumption measures of each production unit can be gradually included in normalized operation. Standardize system operation and check the implementation of measures against 116 important energy consumption sources and 50 key energy efficiency factors. Make sure the progress rate of key energy efficiency factors reaches 66%.
- (3) Fully utilize national financial reward and reduction/exemption to improve the initiative of energy-saving work. Strengthen the efforts to the reward for declaration of energy-saving projects by organizing the study and digestion of energy-saving motivation policies of the government. As for the standardization of project promotion, besides the assessment of application of energy-saving technologies and energy-saving volume involved in project planning and approval review, the Company strengthened material collection and sorting in the post-assessment and conducted preview of energy-saving effect and evidence according to the requirements of reward for declaration of energy conservation of the government to improve the effect of declaring energy-saving reward to the government.
- (4) Complete supervision, evaluation and continuous improvement scheme of energy-saving and environment-friendly equipment. Strengthen the information management of category A and category B energy-saving and environment-friendly equipment and establish information communication mechanism and contact platform of statuses of energy-saving and environment-friendly equipment. Strengthen lean management in terms of professional management of energy-saving and environment-friendly equipment by means of mutual report sending and timely discover, record and solve problems of energy-saving and environment-friendly equipment including shutdown and failure to ensure the operating status and effect of such equipment.



Environment and Energy Solutions

Popularization and Application of Energy Conservation and Emission Reduction Process Technologies

Advanced energy conservation and emission reduction processes and technologies widely applied in iron & steel industry have been popularized and applied in Baosteel. The Company centralizes the professional energy-saving technical force of each aspect, gives full play to the advantages of new contract energy management mechanism, and vigorously promotes the implementation of energy conservation and emission reduction projects by taking six energy-saving special planning projects as the platform (i.e. energy efficiency power plant, high-efficiency kiln, high-efficiency motor, waste heat utilization, energy conservation of compressed air and optimization of water treatment). In 2013, the Company completed 41 energy-saving projects in total and realized technical energy saving volume of 108,000t standard coal. Include: 31 scientific research projects (31 projects were concluded); 36 technical improvement projects (10 projects were completed); 6 repair engineering projects (3 projects were completed); 15 contract energy management projects were newly contracted and 14 of them were put into operation. The Company intensively implemented glue gas waste heat recovery and reconstruction of the heating furnace of 2050 hot-rolling and thick-plate 5m production line, comprehensive reconstruction of 1# unit of power plant, and optimization and modification of domestic energy consumption of Luojing Area, etc. and promoted 25 electricity saving projects including various frequency and permanent magnet speed governor. As a result, 76,000,000kWh of electricity was saved.

In 2013, the Company implemented 67 environmental protection projects among which 55 were environmental protection technical improvement projects and 12 were repair engineering projects. The Company intensively implemented several key environmental protection projects including steelmaking slag treatment comprehensive reconstruction, SCR flue gas denitration project of 1# unit of power plant, and administration and reconstruction of watering system in stock ground (second batch); the Company also implemented scientific research projects including wastewater advanced treatment and comprehensive utilization technology, atmospheric pollution characteristics and comprehensive prevention and administration, and water treatment mud cake comprehensive utilization. Furthermore, the Company completed the reconstruction of greening for an area of approximately 48,000m². The newly added greening area reached 17,300m². Projects like greening of protection forest belt at plant boundary of No. 7 Gate and greening improvement of southern square of commanding center were implemented. As a result, the upgrading and modification of water quality automatic monitoring and air quality automatic monitoring system were promoted. Monitoring items like COD and PM2.5 were increased, the development of plant areas AQI mobile application and mobile supervision application was completed, and the monitoring efforts to emission/discharge of pollution sources was improved.

Comprehensive Launch of the Environmental Administration Action in Trunk Roads of the Plant Area of Baoshan Iron & Steel Co., Ltd.

In order to further improve the environmental appearance of the plant area, Energy and Environmental Protection Department, Transport Department, Project Management Department and Security Department of Baoshan Iron & Steel Co., Ltd. jointed the units along the trunk roads of the plant area and launched a special road and plant appearance environmental administration action lasting for half a year. Also, the Company perfected the long-acting management system to realize sustainable cleanliness, purification, greening and beautifying of plant appearance and environment.



Medium and Low Temperature Flue Gas Waste Heat Recovery

In September 2013, the Company completed thick-plate 5M production line heating furnace flue gas waste heat recovery project. The commissioning of 2050 hot-rolling heating furnace flue gas waste heat recovery project at the end of 2013 symbolized the full completion of systematic reconstruction works of waste heat utilization of large heating furnace. Therefore, the waste heat recovery level was further improved. In recent 2 years, the Company implemented 13 waste heat recovery projects through channels like technical improvement, scientific research, and contract energy management and increased and recovered 74,000t standard coal from the projects. The utilization rate of waste heat recovery of the Company reached an international leading level (48.7%).



Sintering Upgrading and Comprehensive Reconstruction

Through overall reconstruction of large sintering machines, Baoshan Iron & Steel Co., Ltd. realizes the goal of improving energy conservation and emission reduction level of sintering process. Multiple domestic and foreign new technologies and new processes for energy conservation and emission reduction have been adopted for the newly built sintering machines: Dual pressure waste heat boiler technology is adopted to effectively recover the cold waste heat of sintered ring and lower the heat loss of sinter; liquid seal ring refrigerator is adopted to substantially lower the air leakage rate of sintering, improve production efficiency and lower electricity consumption. Also, various generic variable frequency electricity-saving technologies are applied to lower electricity consumption. As for emission/discharge of pollutants, drive-in full-closed belt is fully applied to reduce dust raised from falling materials; semi-dry desulfurization technique is adopted and denitration interfaces are preserved to satisfy the requirement for in-depth emission reduction of sintering; high-efficiency long-bag pulse dust collector and other relevant purifying equipment are adopted to make sure the emission concentration of waste gases satisfy the emission standards stipulated by the state and Shanghai.



Comprehensive Reconstruction of 1# Unit of Power Plant

Comprehensive energy-saving reconstruction has been implemented for 1# unit of power plant with design life approaching thirty years. Technical upgrading is conducted for high, medium and low pressure cylinders and circulation parts of steam turbine, and five powder making systems of boilers are expanded and reconstructed. Also, site upgrading and reconstruction of stator and rotor of generator are carried out. The air preheater is reconstructed from three-section type to two-section type. Denitration device and dust removal device are reconstructed simultaneously. The expected objectives have been reached through site debugging and implementation of optimized control. The annual standard coal saved reaches 16,500t.



Optimization and Modification of Domestic Energy Consumption in Luojing Area

Mobile heat supply technology is adopted to transport 90 hot water produced by waste heat from flue gas emission of the courtyard of Baoshan Iron & Steel Co., Ltd. to Luojing Area where the heat supply of boiler is replaced to satisfy the domestic heat demands of employees in Luojing Area. The project was successfully put into operation in May 2013 and the 20t gas-fired boiler was shut down. The cost of purchased energy of Luojing Area can be saved by approximately RMB 10,640,000 Yuan annually. Moreover, the repair cost of boiler and pipeline network can be saved as well. As a result, annual energy-saving volume reaches approximately 5,000t standard coal. Low-temperature waste heat recovery hot water and mobile heat supply have been adopted to replace high-grade steam heat supply since 2014. This successful experience will be popularized in the courtyard of Baoshan Iron & Steel Co., Ltd. and Meishan Iron & Steel Company in a big scale.



Tundish Heat Accumulating Type Energy-saving Baking Technology

In December, continuous casting tundish heat accumulating type baking energy-saving construction project successfully passed acceptance, symbolized the smooth commissioning of the first tundish online heat accumulating type baking project in China. After the project was put into operation, the production process requirements of tundish of steelmaking continuous casting machine were satisfied after 1 month of operation. The energy-saving effect was above 30%. Meanwhile, the service life of key equipment was greatly extended. The replacement and repair time of the equipment can be reduced through optimization of process and control system and the labor intensity can be lowered. The equipment maintenance cost of steel works amounting to RMB 500,000 Yuan can be lowered annually. Tundish heat accumulating type energy-saving baking technology can be popularized the courtyard of Baoshan Iron & Steel Co., Ltd. and Meishan Iron & Steel Company in a big scale since 2014.



Energy Conservation Reconstruction of Permanent Magnet Speed Governor

Permanent magnet speed governance is a mechanical device using permanent magnet to realize speed governing. Compared with variable frequency speed governance, it boasts small self power consumption of operation and low maintenance cost. Permanent magnet speed governor is adopted by Steel Pipe Business Division to control and reconstruct speed governance of motor in dust removal system. The electricity saving rate is above 30%.



Optimization and Modification of Boiler Fuel System

The main bodies of 2# boiler and 3# boiler of Meishan Iron & Steel Company as well as auxiliary system, heat system, electric instrument system and control system are reconstructed. The combustion method of boilers is changed from original mixed combustion of gas and coal dust to complete gas combustion. The by-product gas produced by iron and steel is fully utilized to initiatively reduce solid coal consumption so as to lower the emission of dust, SO₂ and NO_x and reduce environmental pollution.



Completion of First Flue Gas Denitration Project of Coal-fired Unit of Power Plant

The Company adopts selective catalytic reduction (SCR) process to conduct 100% denitration of flue gas generated by 1# unit. Liquid nitrogen is adopted as absorber. The denitration efficiency is above 80% and the emission concentration of NO_x is below 100mg/Nm³. SCR denitration system includes SCR reactor fitted with catalyst, ammonia injection system, soot blower system, flue, ammonia supply and evaporation system, etc..



Strengthening Control Level of Environmental Protection Facility Process

Baoshan Iron & Steel Co., Ltd. also continuously improves of operation maintenance and control level of existing environmental protection facilities and constantly digs the emission reduction potential of existing environmental protection equipment. The Company clearly lists power plant and sintering and desulfurization devices as category A equipment for operation maintenance and control. The Company establishes control indexes of category A environmental protection equipment. More emphasis is placed on prevention, overhaul and status control of the equipment during operation maintenance. The judgment of degrading trends of equipment and the management of tendencies shall be properly implemented to make sure the statues of key and core desulfurization equipment are controlled. In 2013, the average commissioning rate and comprehensive desulfurization efficiency of 3 desulfurization devices of power plant of Baoshan Iron & Steel Co., Ltd. created a new high, reaching 98.5% and 95.7% respectively (the comprehensive desulfurization efficiency of the power industry of Shanghai in the same period was 93%). The number of times of opening of desulfurization bypass flue gas baffle was continuously reduced on a year-on-year basis, thus giving playing to the emission reduction effect in a relatively favorable way; the average comprehensive desulfurization efficiency of 3 sintering and desulfurization devices of Baosteel reached 83.06%, higher than the requirement in target liability statement which was 75%.

Demonstration of Application of New Energy Technologies

In December, with the smooth grid connection of roof photovoltaic power station in the finished product warehouse at finished product terminal of Baoshan Iron & Steel Co., Ltd, 50MW Golden Sun Photovoltaic Power Generation Demonstration Project (Phase I) of Baoshan Iron & Steel Co., Ltd. constructed for 20 months was completed and put into operation. This project was the first roof photovoltaic power generation project in large iron & steel enterprise in China as well as the currently largest roof photovoltaic power generation project in the world. 206,000 photovoltaic modules were installed in the project. The annual generating capacity is expected to reach 45,000,000kWh and the project can reduce the emission of 30,000t CO₂ annually. This project plays a leading and demonstrating role in the application of clean energy in iron & steel industry.

Energy and Environmental Protection Department of Baoshan Iron & Steel Co., Ltd. took the lead to cooperate with Beijing Guofa and implemented the energy management project by contract. A photovoltaic power station with total installed capacity of 50MW was constructed on 14 roofs of the whole plant covering a total area of 1,010,000m². The electric power generated would be connected to the regional power system for consumption without having to go far.

The project was formally commenced in May 2012. The site survey of plant roofs was started in August. The first construction point was commenced on the roof of UOE Plant of Tube, Pipe and Bar Business Unit in September and then connected to grid for power generation on November 2. Later, 13 roof photovoltaic power generation projects of HPF Plant of Steel Pipe and Steel Bar Business Unit, Silicon Steel Department, Cold Mill, Hot Mill, Thick Plate Department, and Baosteel-NSC/Arcelor Automotive Steel Sheets Company were successively connected to grid for power generation. At the end of 2013, the accumulated generating capacity reached 15,830,000kWh.



Construction Site of "Golden Sun Photovoltaic Power Generation Demonstration Project" of Baosteel

Perfection of Full Process Management of By-product Resources

In 2013, the whole company launched a series of by-product resource comprehensive administration optimization tasks. The comprehensive utilization rate of by-product resources of the headquarters of Baoshan Iron & Steel Co., Ltd. reached 98.9%, and the utilization rate of reproduction of by-product resources reached 27.35%.

After launch of solid waste module of resource comprehensive utilization system (Phase II), problems and system defects discovered during use of the system are perfected and improved, and the names of solid wastes and each production unit are further sorted and optimized. The system operation conditions will be adjusted and perfected according to the optimization conditions of operation methods. Currently, names of reproduced production materials from processing of slag iron powder, slag iron ball, slag briquette, scale, slag steel block and high-purity slag iron were settled by system data.

The Company intensively promoted the profound utilization work of solid wastes including gypsum and steel slag, advanced the solid waste reproduction processing center project in intertidal zone, and completed the site clearing and replacement work of 4#GA line. The Company already confirmed a construction land for solid waste project involving a total area of 323,000m² and determined processing and treatment schemes for steel slag treatment line, iron-containing dust/mud processing line and other solid wastes.

According to the dynamic and visualized requirements of the Company concerning all logistics control, one map and three tables (i.e. "Static Map of Generation of Wastes", "Trace Table of Completion of Solid Waste Contracts", "Table of Recycling Directions of Solid Wastes and "Statistical Table of Access Certificate of Solid Wastes") were prepared to establish a full-process tracking mechanism from the generation sources and disposal of solid wastes.

Enhancement of Informatization Capacity of Environmental Management

Stably promote the construction of environmental protection online management platform of the Company. In 2013, the Company completed the upgrading and modification of water quality (COD) and air quality (PM2.5) automatic monitoring system, thus realizing AQI automatic statistics gathering and short message pushing of plant area as well as function of differentiation comparison with AQI data of Shanghai. Moreover, the Company strengthened the monitoring of all process of source-processing-emit/discharge of important pollutants, completed closed-loop management of abnormal emission/discharge, and launched application of key technical projects like flue gas desulfurization and denitration, profound wastewater treatment and comprehensive utilization of solid wastes and the systematic researches of cutting-edge technologies concerning PM2.5 and TCDD. Considering the actual overall degradation of air quality, the Company drafted *Emergency Plan against Serious Air Pollution Accidents* and actively launched a series of preparation work including the development of website modules related to the disclosure of environmental information of the enterprise. The Company initially disclosed the environmental monitoring data of intensively monitored emission/discharge sources to society since the fourth quarter of 2013 to initia-

tively accept social supervision.



Greenbelt of Main Road in the Plant Area



Sakura Road in Front of Dining Hall in the Plant Area

Environmental Improvement of the Production Plant Area

Join hands with relevant functional departments to promote the publicity and education of cultivation of employees' behaviors for environmental protection together; meanwhile, promote each unit to combine staged administration and long-acting management mechanism, strengthen source administration, reinforce regional responsibility system, enhance operation specification and gradually form a long-acting mechanism for advancing the management of plant appearance environment of plant area. Carry forward the three-year action plan of rectification of plant appearance administration of the Company. Strive to administer the emission/discharge sources of pollutants based on comprehensive sorting and summarization to improve the overall environment of the Company.

Organize the launch of establishing of schemes including greening functional area planning and orientation in plant area, construction planning of protective forest belt at the plant boundary, improvement planning of greening landscape of trunk roads (three vertical roads and three horizontal roads) and greening adjustment and optimization planning of each production area. Intensively promote the construction of greenbelts around the plant area and truck roads (three vertical roads and three horizontal roads), strengthen greening quality in employee concentration area and landscape area, improve highlights and humanistic and ecological feelings, and utilize three-dimensional spaces (e.g. underground garage, roof greening, etc.) to strengthen greening as well as other breakthrough design demonstrations. The Company has completed projects including replacement of border trees (cinnamomum camphora) on the trunk roads, greening of protection forest belt at plant boundary of No. 7 Gate, greening improvement of southern square of commanding center, etc.. In 2013, the Company reconstructed a total greening area of approximately 48,000m², including 17,300m² of newly increased greening area.

98.9%

The comprehensive utilization rate of by-product resources of headquarters of Baoshan Iron & Steel Co., Ltd. reached 98.9%.

83.66%

The ratio of sum of environmental protection facility operation cost and depreciation fee in expenditure items reached 83.66%.

Environmental Protection Cost

In 2013, the constitution of environmental protection cost of the Company was shown in the following table. It includes two parts, i.e. expenditure cost and capitalized cost which amounted to RMB 2.247 billion Yuan and RMB 481 million Yuan respectively. In recent years, due to abundant input of facilities including power plants and sintering flue gas desulfurization facilities, the ratio of sum of the environmental protection facility operation cost and depreciation fee in expenditure items increased year by year and reached 83.66% in 2013.

Classification of environmental protection cost	Environmental protection cost item
Expenditure item	Sewage charge
	System audit fees
	Environmental monitoring fee
	Environmental protection facility operation cost
	Environmental protection facility depreciation fee
	Environmental protection labor cost
	Hazardous material and goods traffic expense
	Afforestation fees
	Solid waste disposal fee
	Environmental protection improvement input of new, reconstruction and expansion projects
Capitalized item	Environmental R&D fee
	Others
	Environmental protection technical improvement input of new, reconstruction and expansion projects
	Simultaneities" environmental protection input matched with project

Management Performance

Consumption of Raw and Auxiliary Materials

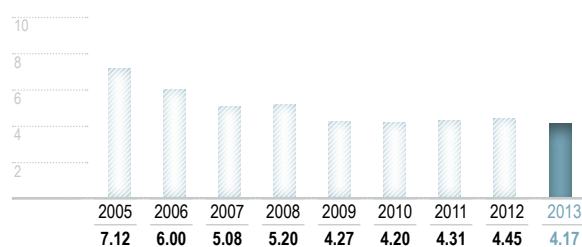
Consumption of main resources of the Company in 2013

Type of resource	Unit	Consumption
Finished iron ore	10,000t	3898
Waste steel	10,000t	131.3
Coal	10,000t	1555.61
Natural gas	100,000,000m ³	2.29
Purchased electricity	100,000,000kWh	66.6
Raw water	100,000,000m ³	0.92

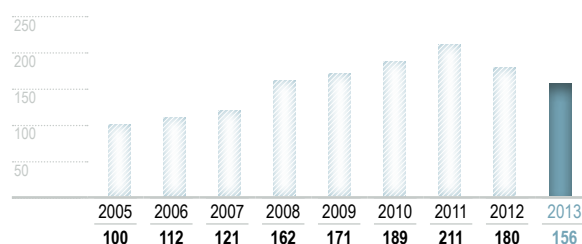
Energy Management Indexes

In 2013, the energy conservation work of the Company comprehensively fulfilled each planned objective. Process energy-saving volume of 40,500t standard coal and technical energy-saving volume of 108,000t standard coal were realized.

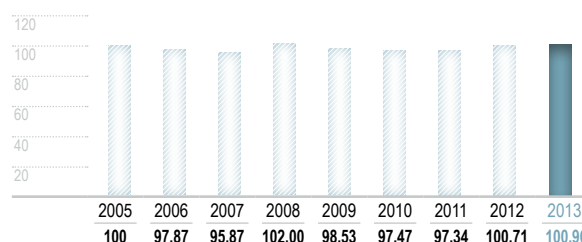
Consumption of raw water per ton steel (t/t-s)



Total recovered volume of complementary energy (%)



Comprehensive energy consumption per ton steel (%)



Note: In 2012, Baosteel Stainless Steel Co., Ltd. and Baosteel Special Steel Co., Ltd. were transferred from Baoshan Iron & Steel Co., Ltd. and the production in Luojing Area was stopped.

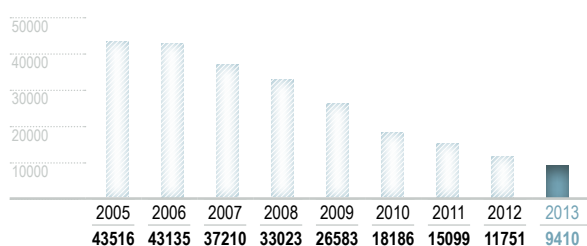
Pollutant Discharge/Emission Indexes

Compared with 2012, the total emission volume of SO₂ and the total emission volume of COD in wastewater of Baoshan Iron & Steel Co., Ltd. fell 19.9% and 7.1% year-on-year respectively in 2013.

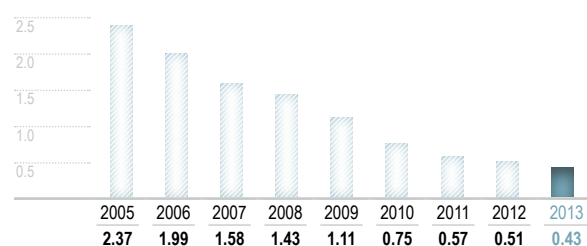
19.9%

Total emission volume of SO₂ fell 19.9% year-on-year:

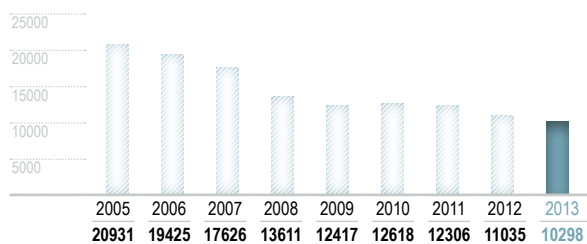
Total emission volume of SO₂ (t)



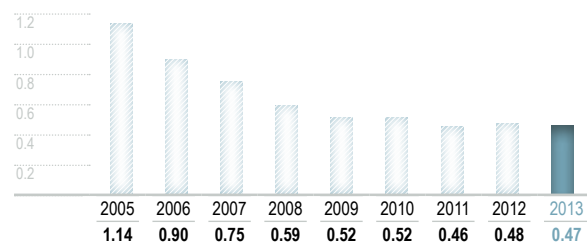
Emission level of SO₂ (kg/t-s)



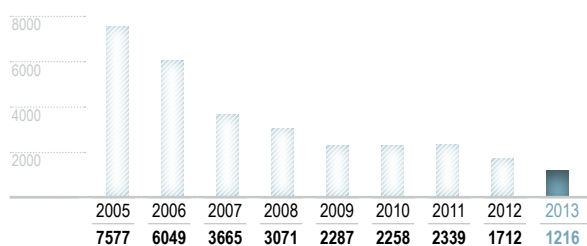
Total emission volume of smoke and dust (t)



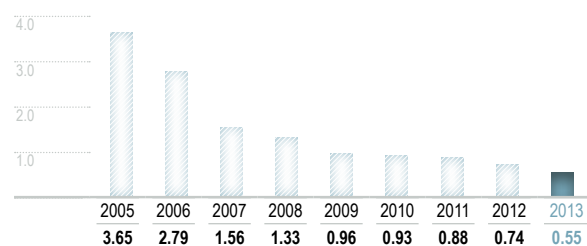
Emission level of smoke and dust (kg/t-s)



Total emission volume of wastewater (10,000t)



Emission level of wastewater (t/t-s)



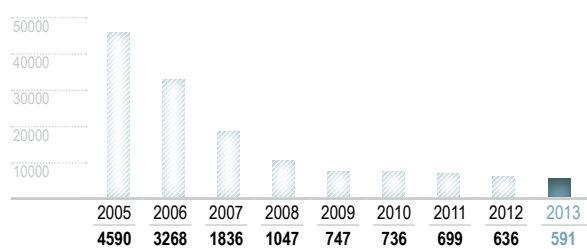
7.1%

Total emission volume of COD in wastewater fell 7.1% year-on-year.

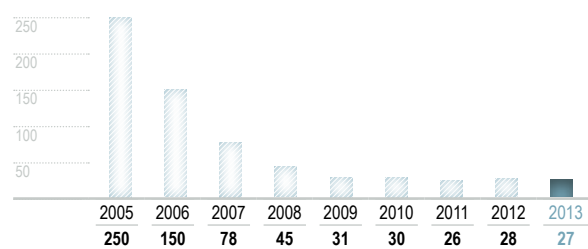


Greenbelt of the Main Road in the Plant Area

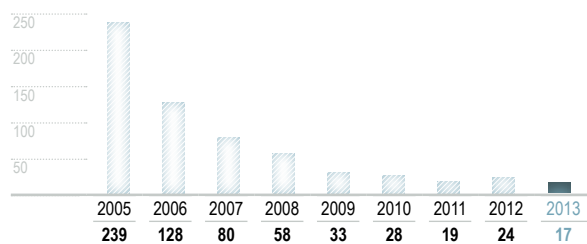
Total emission volume of COD (t)



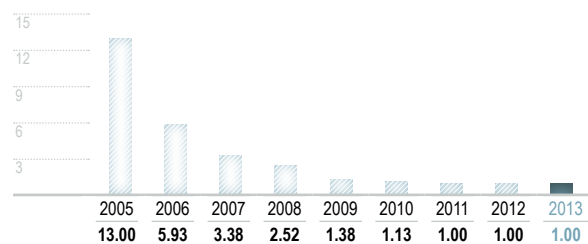
Emission level of COD (g/t-s)



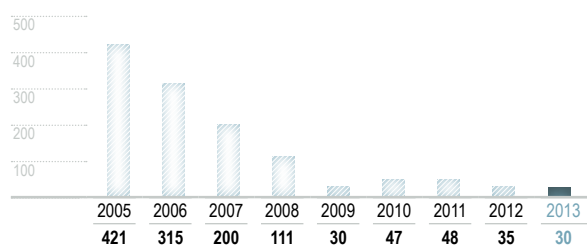
Total emission volume of oil (t)



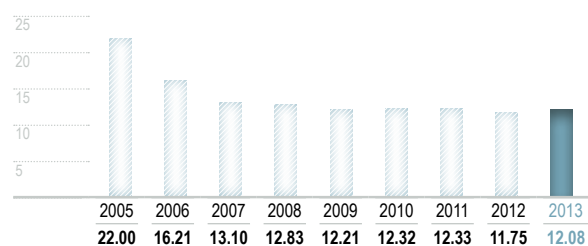
Emission level of oil (g/t-s)



Total emission volume of ammonia nitrogen (t)



Atmospheric dust reduction volume in plant areas (t/km²· month)



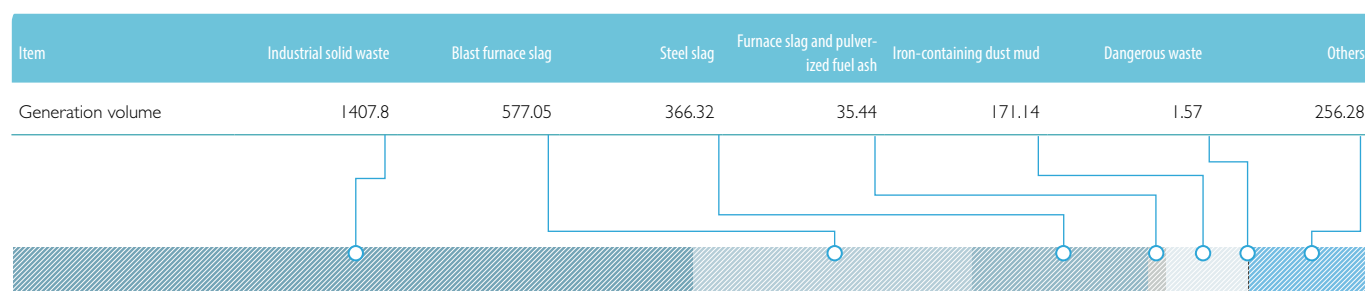
27.35%

The utilization rate of reproduction of secondary resources reached 27.35%.

Comprehensive Utilization Management Indexes of By-product Resources

In 2013, the comprehensive utilization work of secondary resources of the Company obtained outstanding result and the utilization rate of reproduction of secondary resources reached 27.35%.

Generation Volume of Each Solid Secondary Resource of Baosteel Iron & Steel Co., Ltd. in 2013 (10,000t)



List of Comprehensive Utilization Management Indexes of Secondary Resources of Baoshan Iron & Steel Co., Ltd.

Item	Unit	2006	2007	2008	2009	2010	2011	2012	2013
Comprehensive utilization rate	%	98.32	98.48	98.33	98.26	98.58	98.81	98.90	98.90
Reproduction utilization rate	%	22.48	22.67	23.47	25.38	26.04	27.26	27.88	27.35
Safe disposal rate of dangerous wastes	%	100	100	100	100	100	100	100	100

Compliance of Disposal of Dangerous Wastes

The main dangerous wastes generated during production process of Baosteel include: Waste oil (barrel), oily waste, oily wastewater, oily hard waste, chromium containing waste liquor, chromium containing waste, chromium containing sludge, phosphating sludge, organic waste, waste desulfurizer, water containing naphthalene slag, tin containing waste liquor, waste acid/alkali liquor, waste emulsion, waste modulator tube, waste photographic fixing developing liquid, dead catalyst, etc.. In 2013, the headquarters of Baoshan Iron & Steel Co., Ltd generated 5,906.38t various dangerous wastes in total. The Company entrusted units with dangerous waste disposal qualifications to dispose such wastes.

In order to reduce the secondary pollution during transportation of dangerous wastes and improve the timeliness of disposal, the Company adopts localized management of dangerous wastes. In recent years, the Company has continuously strengthened the management of dangerous wastes. All dangerous wastes have been reported to environmental protection authority of local government for filling to ensure the traceability of safe disposal of all dangerous wastes.

Disclosure of Administrative Punishments

In 2013, the Company received 1 administrative punishment from the environmental protection law-enforcing department.

Contents of the matter:

In January 2013, Meishan Energy Company under Meishan Iron & Steel Company was administratively punished by Nanjing Environmental Protection Bureau involving a penalty of RMB 62,300 Yuan since the emission concentration of NO_x of 3# coal fired boiler (771 mg/Nm³) exceeded the national standard (650 mg/Nm³) during supervisory monitoring.

Rectification:

3# coal fired boiler of Meishan Energy Company already stopped firing coal and changed to entire gas firing since May 1, 2013. As a result, standard emission of NO_x was realized.

Operating Results

● Economic Value Created and Distributed

Operating Revenue and Operating Costs

In 2013, under by periodical and structural impact, the world economy presented a slowly recovering trend. The domestic economy developed stably, but the growth rate continuously declined. The trends of demands of domestic main downstream steel consumption industries became divided and the auto industry still grew very quickly. The release of demands of home appliance and engineering machinery was still slow and the shipbuilding industry presented a recovering trend. However, the production capacity was still serious excess. The output of crude steel of China reached 780,000,000t, presenting a year-on-year growth rate of 7.5%. The contradiction between supply and demand of iron & steel industry was still not optimistic. Confronted with the severe industry market environment and environmental protection pressure, each department of the Company responded actively and grasped the opportunity of market fluctuation to dynamically adjust the production rhythm and ensure stable production of each process and balancing of production and sales. In 2013, the Company sold commodity 21,990,000t commodity base materials, completing 98.8% of annual budget. Also, it realized gross revenue of RMB 190 billion Yuan completing 110.8% of annual budget.

Profit

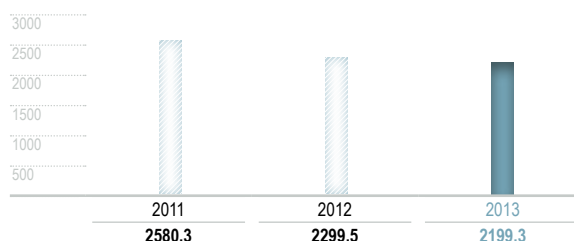
In 2013, although the domestic iron & steel industry turned losses to gains, the industrial situation still failed to change radically since iron & steel enterprises still featured "High Output, High Cost, Low Price and Low Efficiency" as a whole. After climbing an annual high point at the end of February, the price of steel kept declining since March and hit the annual bottom at the end of June. Later in July and August, the price of steel kept growing and then declining turbulently. The price of steel was in generally a turbulent status from the end of October to the yearend. Although the trend of price of steel fluctuated seemingly, it was actually wandering at a low price level. The average price of steel of 2013 was even lower than that of 1994. It also presented a considerable drop compared with previous year.

The Company overcame the adverse situations of iron & steel industry including excess production capacity and decline of price of steel, actively planned product structure and business adjustment, input limited resources to products with relatively strong profitability, reasonably allocated resources, strengthened cost benchmarking of same processes, solidified sales managerial fee improvement results and obtained favorable business performance. In 2013, the Company obtained a total amount of profit of RMB 8.01 billion Yuan and thus continuously maintained best performance in the domestic iron & steel industry.

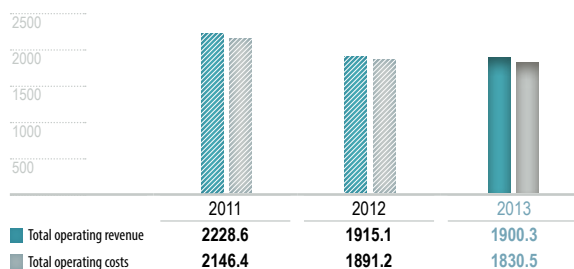
Employee Remuneration

In 2013, cash paid by the Company to and for the employees amounted to RMB 9.14 billion Yuan.

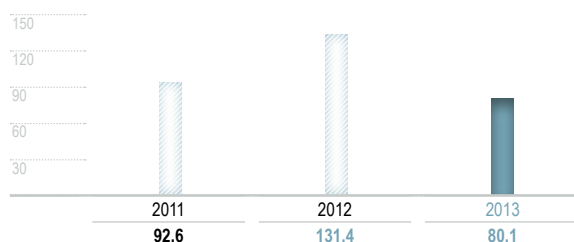
Sales volume of commodity base materials (10,000t)



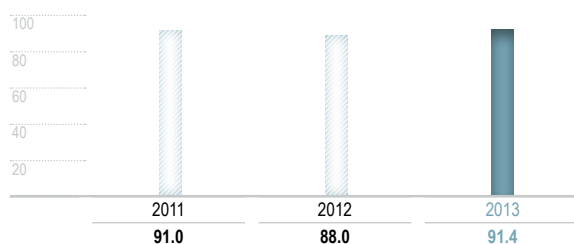
Total operating revenue and total operating costs (RMB 100 million Yuan)



Total profit (RMB 100 million Yuan)



Cash paid to and for the employees (RMB 100 million Yuan)



Retained Income and Dividend Distribution

It is stipulated in articles of association that the distribution order of after-tax profit is as follows: Compensate losses; draw legal accumulation fund; draw optional accumulation fund; pay common stock dividends. The legal accumulation fund amounts to 10% of after-tax profit of the Company. When the accumulated amount of legal accumulation fund is above 50% of registered capital of the Company, the Company may not draw it anymore. The board of directors of the Company will determine the specific schemes for drawing of optional accumulation fund and payment of common stock dividends according to national laws and administrative regulations and based on operation condition and development demands of the Company. These schemes will be implemented after being submitted to annual general meeting of shareholders for approval. The Company is not allowed to distribute dividends before compensating losses and drawing legal accumulation fund.

In 2012, the annual general meeting of shareholders of the Company discussed and approved *Proposal for Amendment to Articles of Association of Baoshan Iron & Steel Co., Ltd.* The cash dividends distributed every year shall not be lower than 50% of net profit of consolidated statements audited in current year belonging to parent company.

In 2013, the Company realized RMB 5.82 billion Yuan of consolidated net profit attributable to parent company. In order to realize long-term continuous development objectives of the Company and better implement the business concept of "Maximization of Shareholder Value", besides RMB 3,083 billion Yuan of stock repurchase fund paid in 2013 viewed as cash dividends (stipulated by *Guide for Cash Dividends of Listed Companies in Shanghai Stock Exchange*), the Company was proposed to distribute RMB 0.1 Yuan of cash dividends per share (tax included) in 2013, taking up 81.3% of consolidated net profit attributable to parent company in 2013.

Capital Supplier

The Company actively responds to the changes of financial environment, expands financing channels, studies and judges the trends of interest rate and exchange rate, and continuously promote debt structural optimization scheme.

In 2013, the Company continuously adopted a financing strategy focusing on USD financing, launched overseas direct financing, and explored centralized management of foreign exchange capital. The Company adopted the following main moves:

- 1) Successfully issue 500 million Asian-dollar bonds with overseas company as the subject and adjust long-term and short-term debt structures through direct financing;
- 2) Build a foreign exchange capital centralized management platform and acquire overseas financing resources with low interest rate;
- 3) Adjust the settlement methods of overseas subsidiaries and further expand the overseas USD financing scale.

As for risk management, the Company continuously paid attention to risks of exchange rate and interest rate, strengthened risk management of iron ore price and dynamically adjusted risk strategies. The Company mainly adopted the following main moves:

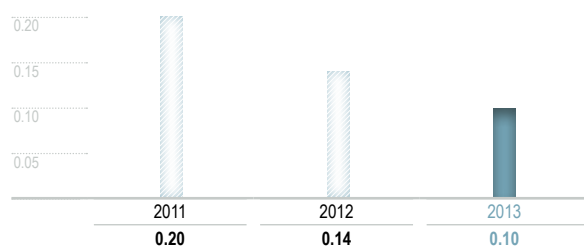
- 1) Establish hedging plan of iron ore and utilize financial derivatives to lower the risks of rise of purchasing cost resulted from depreciation risk of inventory of iron ore and price rise;
- 2) Timely study and judge trends of exchange rate and interest rate, establish risk response strategies and lower the risk of rise of financing cost resulted from fluctuation of interest rate by adjusting long-term and short-term borrowing ratios as well as borrowing ratios of floating and fixed interest rates.

The moves above enabled the Company to maintain cash financing cost rate within 2.5% in 2013.

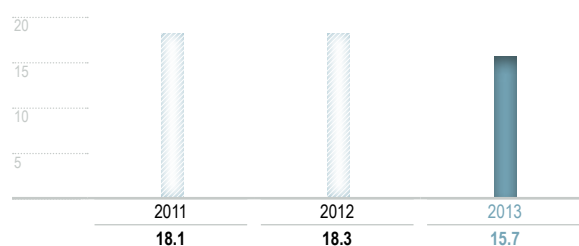
The Company selects cooperative financial institutions based on comprehensive conditions including credit status of financial institution, business strength and market credibility and plans and coordinates the partnership with financial institutions as a whole. The Company has always stuck to the development of partnership with banking enterprises. Currently, the Company has signed banking enterprise cooperation agreements, overall credit extension agreements, borrowing and repaying agreements, etc. with each major commercial bank, thus guaranteeing financing channels and limits.

In 2013, the Company consolidated interest expense amounting to RMB 1.57 billion Yuan.

Distribution of cash dividends (Yuan/share)



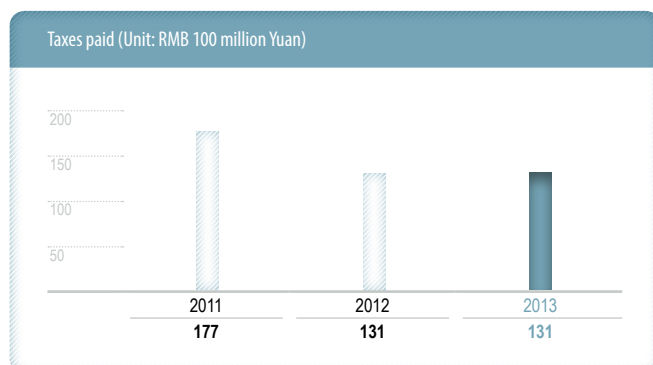
Interest expense (RMB 100 million Yuan)



Taxes

General Tax Paying Conditions of the Company in 2013

The Company pays back to society with honest operation and excellent performance. In 2013, the Company combined caliber and paid various taxes to the state amounting to approximately RMB 13.1 billion Yuan. Favorable taxpaying credit enabled the Company to obtain the title of "Shanghai Class A Taxpayer Credit Rating" for consecutive years.



Note: Various taxes paid to the state include customs VAT and tariff.

Tax Deduction and Exemption

The Company strictly abides by laws and regulations concerning each tax of the state and reasonably applies relevant preferential policies. In 2013, the Company enjoys the following national tax deduction and exemption preferences:

1. Enjoy resource comprehensive utilization income reduction policy. In 2013, the Company enjoyed the exemption of income tax amounting to approximately RMB 24 million Yuan.
2. Enjoy technical research and development fee deduction policy. The Company enjoyed the deduction of income tax amounting to approximately RMB 313 million Yuan.
3. Enjoy investment of special equipment (involving environmental protection, energy and water saving and safety production) deducting corporate income tax policy. In 2013, the Company enjoyed the exemption of corporate income tax amounting to approximately RMB 20 million Yuan.
4. Enjoy handicapped employee wages deduction policy. In 2013, the Company enjoyed the exemption of corporate income tax amounting to approximately RMB 1 million Yuan.
5. Enjoy special fund supporting policy of Shanghai high-tech achievement transformation project. In 2013, the Company obtained financial aid amounting to RMB 33 million Yuan.

Indirect Economic Influence

In 2013, the Company didn't suffer from any indirect economic influence including major lawsuit, arbitration, assets acquisition and sales, as well as consolidation by merger.

Over the past 2013, China's economy realized stable and promising progress. The economic operation was generally stable and the structural adjustment obtained new progress. The production and sales of iron & steel industry still maintained a growing trend. Each enterprise took "Mode Transformation, Structure Optimization, Quality Improvement and Efficiency Enhancement" as their work focus and actively responded to various difficulties and challenges, vigorously promoted management innovation, enhanced the development efforts to steel varieties, and strived to eliminate income reducing factors. Loss-generating enterprises reduced losses significantly. The economic benefit of the enterprise slightly improved, and thus made active contributions to the stable progress and continuous development of national economy.

However, from an overall perspective, the situation of iron & steel industry featuring high output, high cost, low price and low efficiency still remained unchanged. The data of National Statistics Bureau indicated that the output of crude steel of China reached 779,000,000t in 2013, presenting a year-on-year growth rate of 7.5%; due to high cost of crude fuel and low price of steel, enterprises found it difficult to improve production efficiency despite increase of output. Although iron & steel enterprises eliminated abundant income reducing factors by lowering the purchasing price of coking coal, the prices of crude fuel and energy were still high as a whole all year long. The price of steel generally presented a continuous declining trend. That the price of steel was too low and the price of imported iron ore was too high was the main reason resulting in the difficulties currently encountered by China's iron and steel enterprise. The enterprises expected to dilute fixed costs by increasing output so as to improve the business condition, which further worsening market price reduction competition and resulted in the failure of the enterprises to improve production efficiency by increasing output.

In 2013, relevant policies issued to iron & steel industry including merging and recombination, environmental protection and administration, elimination of outdated capacity and credit aid took effect successively. It was expected the effect on solving excess production capacity could be gradually presented in a short term by using two methods, namely planned elimination and market elimination; however, since no obvious recovery signal occurred to the macro economy, the slightly improving demand growth rate of main steel consumption industries in 2013 could be continued in 2014. The contradiction between supply and demand of the industry was still severe; it was expected that the price of steel in 2014 would still remain at a low position. The current situation of low industrial concentration ratio has decided that steel enterprises are in a passive position during the price game with upstream iron ore industry, which also makes it difficult for steel enterprises to pass on the factor of cost rise to the lower reaches. In 2013, the saving of cost due to decline of price of coking coal couldn't be continued in 2014. The iron & steel industry would still face a relatively big cost pressure.

In November, Shanghai carbon emission permit trading started in Shanghai Environment and Energy Exchange. The trading object was carbon emission quota from 2013 to 2015. This move symbolized that Shanghai established carbon emission quota total quantity control and management system and began to implement standardized management of distribution, payment and transaction of carbon emission quota of enterprises as well as carbon emission monitoring, reporting, auditing, etc.. Carbon emission permit trading was an important approach for applying market mechanism to realize the goal of carbon emission reduction. The emitting units can perform their carbon emission control responsibilities by purchasing or selling the insufficient or excessive quota compared with actual emission in the market. As a carbon emission pilot enterprise in Shanghai, Baoshan Iron & Steel Co., Ltd. would draw attention from all sectors of society.

Appendixes

● Profile of the Company and Main Affiliates

Baoshan Iron & Steel Co., Ltd.

Baoshan Iron & Steel Co., Ltd. (referred to as "Baoshan Iron & Steel Co., Ltd.", "Baosteel" and "the Company") is specialized in the producing of iron & steel products with high technological content and high added value. In steel consumption areas like automobile, shipbuilding, oil and gas exploitation and transmission, home appliance, electrical facilities, boiler and pressure vessel, packing (food and beverage), metal product and high-grade building, Baoshan Iron & Steel Co., Ltd becomes a main steel supplier of Chinese market and exports products to more than forty countries and regions including Japan, South Korea, USA and Europe.

Main products of the Company have been recognized by international authoritative organizations. The Company passed ISO9001 and ISO/TS16949 certification and review of BSI (British Standards Institution), obtained American API logo and Japanese JIS recognition certificate and acquired the acknowledgement of classification societies of seven countries, namely China, France, USA, Great Britain, Germany, Norway and Italy.

The Company has tremendous R&D strength and engages in the development of new technologies, new products, new processes and new equipment, thus accumulating continual development power.

The Company emphasizes environmental protection and pursues sustainable development. It is the first company in the metallurgy industry of China that has passed ISO14001 Environmental Implementation Standard Certification and the certification of National Energy Management System Standard GB/T23331-2012 in 2013 respectively. Also, the Company has obtained the titles of "National Environment-Friendly Enterprise" in the first batch as well as "Clean Production and Environment-Friendly Enterprise" in China's iron & steel industry, and model enterprise of "China Green Company" rated by China Entrepreneur Association.

Main Holding Companies and Joint Stock Companies

1 Shanghai Meishan Iron & Steel Co., Ltd.

Abbreviation in this report: Meishan Iron & Steel Company

Registered capital and stock rights: The registered capital of the company is RMB 7.081 billion Yuan. The Company owned 77.04% of stock rights of this company by the end of 2013.

Assets and profit: The total assets and net assets of the company by the end of 2013 reached RMB 36.71 billion Yuan and RMB 11.15 billion Yuan respectively. It realized net profit of RMB 40 million Yuan in current year.

Main business scope: Melting, rolling, sales, etc. of ferrous metal.

3 Baosteel-NSC/Arcelor Automotive Steel Sheets Co., Ltd.

Abbreviation in this report: Baosteel-NSC/Arcelor Automotive Steel Sheets Company

Registered capital and stock rights: The registered capital of this company is RMB 3 billion Yuan. The Company owned 50% of stock rights of this company by the end of 2013.

Assets and profit: The total assets and net assets of this company by the end of 2013 reached RMB 4.391 billion Yuan and RMB 3.313 billion Yuan respectively. It realized net profit of RMB 120 million Yuan in current year.

Main business scope: Production and sales of cold-roll steel sheets and hot galvanized steel sheets used in automobiles and automotive parts and engagement in additional business related to the abovementioned business.

5 Baosteel Huangshi Coating & Galvanizing Co., Ltd.

Abbreviation in this report: Huangshi Coated Sheet Company

Registered capital and stock rights: The registered capital of this company is RMB 145 million Yuan. The Company owned 58.45% of stock rights of this company by the end of 2013.

Assets and profit: The total assets and net assets of the company by the end of 2013 reached RMB 1 billion Yuan and RMB 340 million Yuan respectively. It realized net profit of RMB 20 million Yuan in current year.

Main business scope: Production and sales of cold-rolled sheets, aluminizing steel sheets, galvanized sheets, color-coated sheets and relevant cladding material products.

2 Baosteel Zhanjiang Iron & Steel Co., Ltd.

Registered capital and stock rights: The registered capital and paid-in capital of this company are RMB 20 billion Yuan and RMB 14 billion Yuan respectively. The Company owned 85.7% of stock rights of this company by the end of 2013.

Assets and profit: The total assets and net assets of this company by the end of 2013 reached RMB 22.93 billion Yuan and RMB 14.51 billion Yuan respectively. It realized net profit of RMB 5 million Yuan in current year.

Main business scope: Melting, rolling, sales, etc. of ferrous metal. Currently this company is still under construction.

4 Yantai Lubao Steel Pipe Co., Ltd.

Abbreviation in this report: Lubao Steel Pipe Company

Registered capital and stock rights: The registered capital of this company is RMB 100 million Yuan. The Company owned 79.82% of stock rights of this company by the end of 2013.

Assets and profit: The total assets and net assets of this company by the end of 2013 reached RMB 690 million Yuan and RMB 540 million Yuan respectively. It realized net profit of RMB -200 million Yuan in current year.

Main business scope: Processing and sales of seamless steel pipes. The main products of this company include seamless steel pipe used for structure, seamless steel pipe used for low and medium-pressure boiler, seamless steel pipe used for fluid transmission, seamless steel pipe used for hydraulic prop, seamless steel pipe used for high-pressure boiler, seamless steel pipe used for petroleum equipment, steel pipe used for geological drilling, petroleum light pipe, oxygen bottle pipe, etc..

6 Shanghai Baosteel International Economic & Trade Co., Ltd.

Abbreviation in the report: Baosteel International Company

Registered capital and stock rights: The registered capital of the company is RMB 2.25 billion Yuan. The Company owned 100% of stock rights of this company by the end of 2013.

Assets and profit: The total assets and net assets of this company by the end of 2013 reached RMB 38.04 billion Yuan and RMB 12.83 billion Yuan respectively. It realized net profit of RMB 1.49 billion Yuan in current year.

Main business scope: Proprietary trading and agency of import and export of commodities and technologies approved by the state, import of steels and waste steel, processing of imported materials, "Three-processing and One Compensation", etc..

7 Shanghai Baosight Software Co., Ltd.

Abbreviation in this report: Baosight Company

Registered capital and stock rights: The registered capital of the company is RMB 340 million Yuan. The Company owned 55.5% of stock rights of this company by the end of 2013.

Assets and profit: The total assets and net assets of this company by the end of 2013 reached RMB 4.08 billion Yuan and RMB 1.74 billion Yuan respectively. It realized net profit of RMB 300 million Yuan in current year.

Main business scope: Research, design, development, manufacturing, integration, etc. of computer; automation, network communication system and software and hardware products.

8 Shanghai Baosteel Chemical Co., Ltd.

Abbreviation in the report: Chemical Company

Registered capital and stock rights: The registered capital of this company is RMB 2.11 billion Yuan. The Company owned 100% of stock rights of the company by the end of 2013.

Assets and profit: The total assets and net assets of this company by the end of 2013 reached RMB 5.87 billion Yuan and RMB 4.22 billion Yuan respectively. It realized net profit of RMB 570 million Yuan in current year.

Main business scope: Production and sales of chemical raw materials and products, "Siji" services (Siji refers to Technical Development, Technical Transfer, Technical Consulting and Technical Service) of professional chemical engineering field, export business of self-produced products, etc..

9 Baosteel Group Natong Iron & Steel Co., Ltd.

Abbreviation in this report: Baosteel Natong Iron & Steel Company

Registered capital and stock rights: The registered capital of this company is RMB 620 million Yuan. The Company owned 95.82% of stock rights of this company by the end of 2013.

Assets and profit: The total assets and net assets of this company by the end of 2013 reached RMB 2.26 billion Yuan and RMB 110 million Yuan respectively. It realized net profit of RMB -520 million Yuan in current year.

Main business scope: Production and sales of deformed steel bar, round steel, structural steel, semi-finished iron & steel products (including steel billets, steel ingots, etc.) as well as other iron & steel products, by-products, etc..

10 Baosteel Group Finance Co., Ltd.

Abbreviation in this report: Baosteel Finance Company

Registered capital and stock rights: The registered capital of this company is RMB 1.1 billion Yuan. The Company owned 62.1% of stock rights of this company by the end of 2013.

Assets and profit: The total assets and net assets of this company by the end of 2013 reached RMB 12.56 billion Yuan and RMB 1.76 billion Yuan respectively. It realized net profit of RMB 200 million Yuan in current year.

Main business scope: Absorption of deposits of member companies, handling loans for member companies, handling internal transfer settlement and relevant settlement among member companies, handling of entrusted loans and investments among member companies, engagement in inter-bank borrowing, etc..

11 Yantai Baosteel Pipe Co., Ltd.

Abbreviation in this report: Yantai Baosteel Pipe Company

Registered capital and stock rights: The registered capital of this company is RMB 2 billion Yuan. The Company and Yantai Lubao Steel Pipe Co., Ltd. owned 80% and 20% of stock rights of this company respectively by the end of 2013.

Assets and profit: The total assets and net assets of this company by the end of 2013 reached RMB 4.14 billion Yuan and RMB 320 million Yuan respectively. It realized net profit of RMB -1.03 billion Yuan in current year.

Main business scope: Production and sales of steel pipe, supporting products and their by-products; steel pipe rolling technology consulting service, warehousing, goods and import & export business, etc..

12 Overseas Subsidiaries

The company owned multiple overseas subsidiaries located in countries and regions including USA, Japan, Germany, Singapore and Hong Kong by the end of 2013. Such subsidiaries have played an important role in expanding the sales and purchase network of the Company and improving the competitiveness of the Company in the international market.

Reader Feedback Information Form

Baoshan Iron & Steel Co., Ltd. cares much about your opinions on this sustainable development report. Please kindly offer your opinions and suggestions concerning this report and feed them back to us, and then we can continuously improve the report.

Please answer the following questions and fax the tables to +86-21-2664 9109.

You may also answer questions through network (<http://www.baosteel.com/>).

1. Do you find any content you need in this report? Please write down contents you need if there is no.

2. Which part of the report you are most interested in?

Please inform us of your information if you are willing to:

Name	_____	Occupation	_____
Organization	_____	Address	_____
Postal code	_____	e-mail	_____
Tel.	_____	Fax	_____

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