



Baoshan Iron & Steel Co., Ltd. Sustainability Report

Baoshan Iron & Steel Co., Ltd.

2025 Sustainability Report



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Contents

About this Report	02
Speech by Senior Executive	04
About Baosteel	06
ESG Management	12
Appendix 1: Key Data Indicators	169
Appendix 2: GRI Sustainability Reporting Standards Content Index	185
Appendix 3: Index of Contents of the Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 14 — Sustainability Reporting (Trial)	190
Appendix 4: Index of Content for Sustainable Development Goals (SDGs)	191
Appendix 5: SASB Sustainability Accounting Standards Board Content Index	193
Appendix 6: Independent Assurance Statement	194
Appendix 7: Greenhouse Gas Verification Statement	196

Governance

01

Party Leadership	20
Corporate Governance	22
Tax Strategy	25
Business Ethics	28
Risk Management	34
Information Security	39

Environmental

02

Responding to Climate Change	
Governance	47
Strategy	49
Impact, Risk and Opportunity Management	71
Metrics and Targets	73
Ecological Environmental Protection	
Environmental Management	77
Compliant Discharge and Emissions	82
Resource Management	91
Ecosystem and Biodiversity Protection	96

Social

03

A Major National Project	
Quality Assurance	111
R&D and Innovation	117
Customer Service	129
Win-Win Collaboration Across the Industrial Chain	131
Harmonious Development	
Employee Engagement	147
Employee Rights	150
Employee Development	155
Health and Safety	158
Social Public Welfare	165



About this Report

Scope and Boundaries of the Report

Unless otherwise specified, this Report primarily describes the environmental, social and governance management and performance outcomes of Baoshan Iron & Steel Co., Ltd. (hereinafter referred to as "Baosteel", "Baosteel", "the Company" or "we") in its core steel business. This encompasses four major manufacturing bases (Baoshan Base, Qingshan Base, Dongshan Base, Meishan Base), Baosteel Huangshi Coated Plate Co., Ltd. (Huangshi Coated Plate), Yantai Lubao Steel Pipe Co., Ltd. (Lubao Steel Pipe), Shanghai Baosteel Automotive Sheet Co., Ltd., Guangzhou JFE Steel Plate Co., Ltd., as well as Shanghai Baosteel International Economic & Trade Co., Ltd. (Baosteel International), Shanghai Baosight Software Co., Ltd. (Baosight Software), and Baowu Carbon Industry Technology Co., Ltd. (Baowu Carbon). The scope of disclosure in this report covers between 75% and 100% of the Company's total operating revenue. Unless otherwise specified, all currencies mentioned in the Report refer to RMB.

*Note: 1) The "China Baowu", "Group Company", and "Baowu Group" below stand for China Baowu Steel Group Corporation.

2) The Baoshan Base refers to the production and manufacturing base of Baoshan Iron & Steel Co., Ltd. located in Baoshan District, Shanghai. The Qingshan Base refers to Wuhan Iron & Steel Co., Ltd. The Dongshan Base refers to Baosteel Zhanjiang Iron & Steel Co., Ltd. The Meishan Base refers to Shanghai Meishan Iron & Steel Co., Ltd..

In view of the internal organizational structure, management requirements, and internal reporting system, the Company has identified three reporting segments, namely steel manufacturing, processing and distribution, and other segments. The financial data such as operating income in the Report is based on the Company's annual report, while the rest data is mainly based on steel manufacturing as well as processing and distribution. The steel manufacturing segment and the processing and distribution segment are referred to as the steel segment.

The following is a summary of the detailed information of segments, including:

Subsidiaries included in each operational segment

- (1) Steel manufacturing: the four manufacturing bases, Yantai Lubao Steel Pipe Co., Ltd., Baosteel Huangshi Coated Plate Co., Ltd., Shanghai Baosteel Automotive Sheet Co., Ltd., and other steel manufacturing units.
- (2) Processing and distribution: Baosteel International, Baosteel America Inc. (Baosteel America), Baosteel Europe GMBH (Baosteel Europe), Baosteel Singapore Pte Ltd (Baosteel Singapore), Baosteel Howa Trading Co., Ltd. (Baosteel Howa), Bao-trans Enterprises Limited (Bao-trans), Baosteel Laser Welding Co., Ltd. (Laser Welding), BGM Co., Ltd., and other trading subsidiaries.
- (3) Others: Shanghai Baosight Software Co., Ltd. (Baosight Software), and Baowu Carbon Industry Technology Co., Ltd. (Baowu Carbon).

Report Period

The period covered by this report is from 1 January 2025 to 31 December 2025 (hereinafter referred to as the "Reporting Period"). Certain parts of the content refer back to previous years and encompass the first quarter of 2026.

Preparation Basis

This report has been prepared primarily in accordance with the Global Reporting Initiative's *Sustainable Development Reporting Standards* (GRI Standards) and the *Guidelines for Writing Chinese Corporate Social Responsibility Reports CASS-CSR6.0*. It also complies with the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*, refers to the *Enterprise Sustainability Disclosure Standards—Basic Standards (Trial)* (Caikuai [2024] No. 17) and its *Application Guide* (Caikuai [2025] No. 21) issued by the Ministry of Finance and other authorities, and takes into account and responds to the United Nations Sustainable Development Goals (SDGs), the International Sustainability Standards Board (ISSB) standards, and the Sustainability Accounting Standards Board (SASB) standards.

Data Source and Reliability Assurance

The information and data disclosed in this report are derived from the Company's statistical reports and formal documents and have been reviewed by relevant departments. The Company undertakes that this Report contains no false records or misleading statements and accepts responsibility for the authenticity, accuracy and completeness of its contents.

Report Preparation Process

This report has been compiled through a series of stages, including the establishment of the work team, data collection, interviews with stakeholders, stakeholder questionnaire surveys, framework finalization, report drafting, report design, and review by departments and senior management.

Confirmation and Approval

This report was approved by the Board of Directors on 28 April 2026 following confirmation by management.

Should you have any queries regarding the content of this report, please contact us by telephone or letter for clarification. Our contact details are as follows:

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Speech by Senior Executive



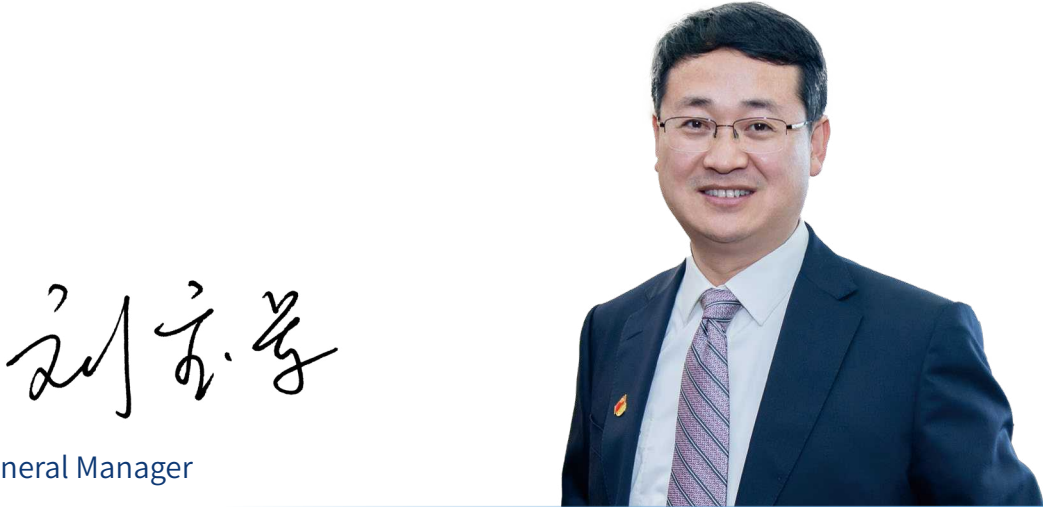
Chairman

In 2025, the global industrial landscape underwent profound adjustments, with green low-carbon development and digital intelligence emerging as core imperatives for industrial transformation. The Chinese steel industry has advanced steadily along the path of reducing capacity, adjusting structure, and enhancing quality, efficiency, and capability. As a backbone of the steel industry, Baosteel has remained true to its original aspiration and bravely shouldered its mission. Guided by Party building, rooted in governance, and driven by innovation, it has deepened its focus on two strategic directions: low-carbon manufacturing and artificial intelligence. In the pursuit of high-quality development and sustainable transformation, Baosteel has advanced with determination and delivered outstanding performance that meets the demands of the times and fulfils its mission.

Staying true to our mission, forging the soul through party building. We have always taken Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as our guiding principle and made every effort to study and implement in depth the spirit of the 20th National Congress of the Communist Party of China and the Second, Third, and Fourth Plenary Sessions of the 20th Central Committee. We have integrated high-quality Party building throughout the entire process of production and operation, reform and innovation, and green transformation. We have continuously improved policies and mechanisms, forged the cadre team, and strengthened grassroots strongholds to promote the deep integration of Party building with business operations. We have effectively translated the advantages of the modern state-owned enterprise system with Chinese Characteristics into a powerful driving force for the Company's steady development and industry leadership, and our operating performance has consistently ranked first in the domestic industry.

Good governance leads to long-term stability and steady progress. We adhere to applicable laws and regulations and listing regulatory requirements, continuously optimize the governance structure centered on the Board of Directors, deepen the diversification of the Board, and ensure scientific decision-making and standardized operations. Tax compliance, business ethics, risk management, and information security have been fully integrated into the governance framework. Empowered by intelligent supervision and AI-driven risk control, we have established a comprehensive, multi-layered risk prevention and control network. We safeguard sustainable development through high-performance governance and drive the Company to achieve steady and long-term progress.

Low-carbon as the foundation, painting a new green journey. We regard addressing climate change as an unwavering responsibility. In 2025, we anchored ourselves to the "Dual Carbon" goals and accelerated the breakthrough of low-carbon metallurgical technologies and their industrial implementation. We have facilitated the full integration of the near-zero



General Manager

carbon steel production line of Zhanjiang's million-ton hydrogen-based shaft furnace, achieving industrial demonstration of core technologies such as hydrogen-rich carbon cycle oxygen blast furnaces. By coordinating efforts in measures including ultra-high energy efficiency, green power application, and carbon capture and utilization, we continued to reduce carbon emission intensity. We continued to expand the BeyondECO low-carbon steel brand, steadily increase sales of low-carbon products, continuously improve the full lifecycle carbon management system, and proactively respond to policy challenges such as the national carbon market and CBAM. We provide the Baosteel solution for the low-carbon transformation of the steel industry through technological innovation and industrial practice.

Intelligence empowers the industries, digitalization creates the future. We injected new momentum into the steel industry through artificial intelligence, and in 2025, we reconstructed the entire processes of manufacturing production, research and innovation, and operational management with AI. We have facilitated the selection of our high-end green silicon steel predictive manufacturing intelligent factory for the National Leading Intelligent Factory Cultivation List. The scenario of 'precise prediction and intelligent control of blast furnace smelting' was recognized as a high-value artificial intelligence scenario for central enterprises, with hundreds of AI application scenarios successfully implemented across the entire business chain. We empower production control through xIn³Plat full-stack digital intelligence technology platform and digital twin systems, promoting the widespread application of technologies such as AI-driven predictive maintenance, intelligent quality inspection, and smart safety. This approach comprehensively enhances production efficiency, product quality, and safety assurance capabilities. We cultivate new quality productive forces through digital and intelligent transformation to propel the steel industry towards a more intelligent future.

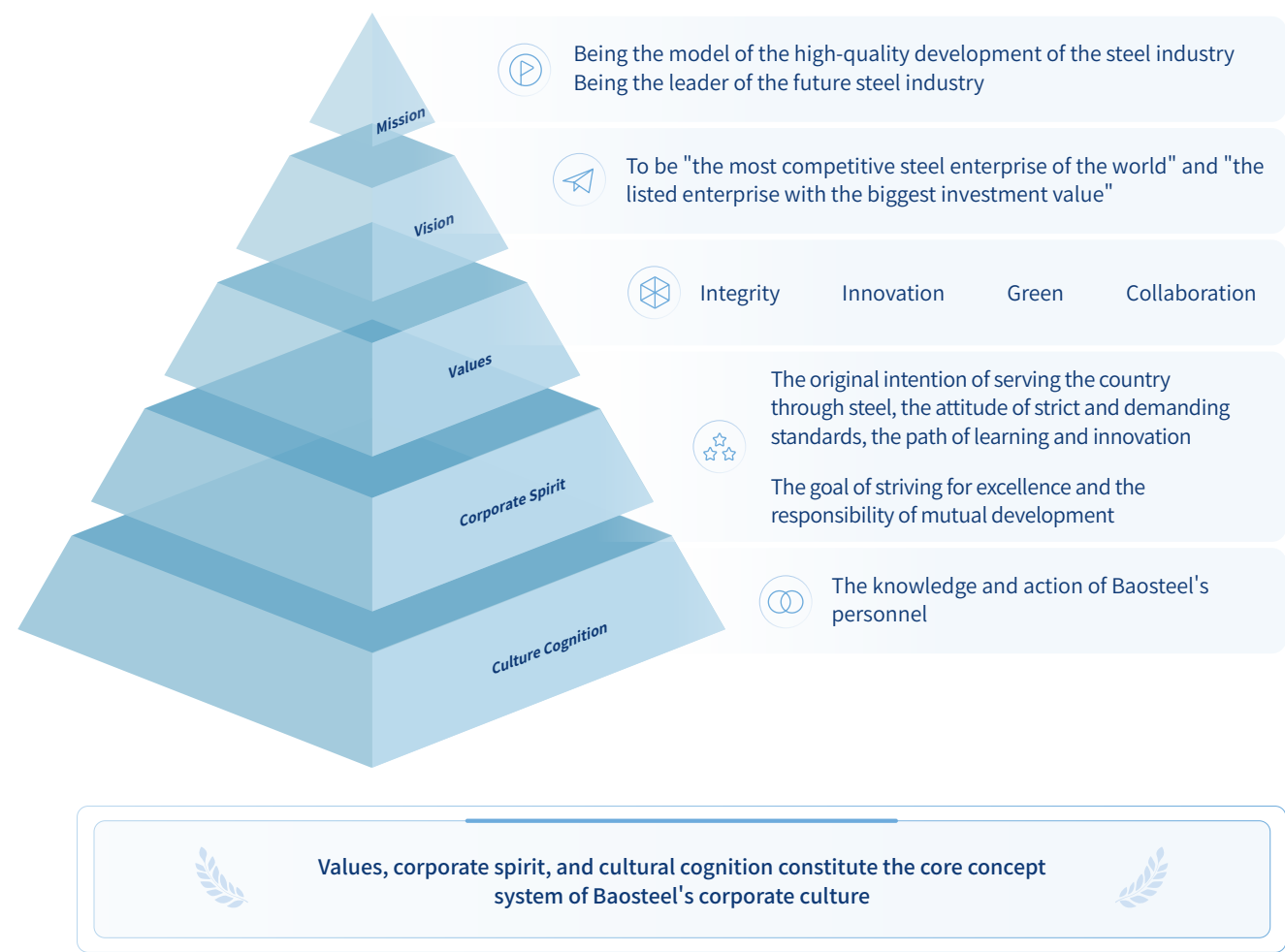
Working together for a far-reaching, sharing growth and prosperity. We adhere to the concept of coordinated development across the industrial chain. We empower supply chain upgrades through ESG management and collaborate with upstream and downstream partners to jointly build a green, intelligent, and secure industrial ecosystem. We adhere to the strategy of strengthening the enterprise through talent, advance the '159' talent project and the construction of a digital intelligence talent training system, improve career development channels and incentive mechanisms, and ensure that every employee can realize their value within the Company's development. We uphold the philosophy of 'zero accidents and no injuries', strengthen the defense line for occupational health and safety, and actively engage in rural revitalization, public welfare education assistance, and community co-construction. We have put into practice the social responsibilities of central SOEs with concrete actions, conveyed Baosteel's warmth, and walked together with all parties towards shared growth and prosperity.

Standing at a new historical juncture, the surging waves of green low-carbon development and digital intelligence present both challenges and opportunities, while responsibilities and missions proceed in parallel. In 2026, Baosteel will continue to uphold its original aspiration and advance with courage and determination, further deepen technological innovation in low-carbon manufacturing, and accelerate the deep integration of artificial intelligence with the steel industry. We shall continuously enhance the Company's corporate governance, green development, intelligent manufacturing, and social responsibility levels. With a more vigorous stance and more pragmatic actions, we will lead the global steel industry in its sustainable transformation. We are committed to working hand in hand with all stakeholders to contribute greater efforts towards building a beautiful China and a manufacturing powerhouse, jointly ushering in a green and intelligent new future for the steel industry!

About Baosteel

Baosteel upholds the resolve to serve the nation through the steel industry, drives development through technological innovation, and remains unwavering in its commitment to strengthening and optimizing its operations. The Company adheres to the Group's development direction of high-end, intelligence, greenness, and efficiency ("Four Orientations"). It upholds the operational principles of production with orders, income with profits, output with margins and profit with cash ("Four Withs"). The Company continues to advance the optimization of its management model, enhance its platform-based operational capabilities, strengthen its professional management capabilities, and reinforce its regional operational capabilities. United in reform and innovation, committed to hard work and striving forward with determination, it shoulders the mission of national rejuvenation and the responsibility of enterprise prosperity. Dedicated to becoming a demonstrator of world-class enterprises, a pioneer of reform and development, and the "backbone" of the steel industry, the Company fulfils its mission as a central state-owned enterprise and demonstrates its role as a "national priority".

Baosteel Corporate Culture System



Baosteel Corporate Culture System

Company Profile

Overview of the Company

Baoshan Iron & Steel Co., Ltd. is China's most modern and largest integrated steel enterprise, as well as a world-class integrated steel enterprise leading internationally. The Company's parent company, China Baowu, continued to rank among the top of the Fortune Global 500 in 2025 and has led global steel enterprises for consecutive years. Baosteel has continuously been listed on the 'Fortune Most Admired Companies in China' All-Star List, becoming the sole enterprise from the steel industry to be selected, and has consistently ranked first in the Metal category on the 'Industry Star List'.

The Company specializes in the steel industry. It possesses major manufacturing bases at Baoshan (Shanghai), Qingshan (Wuhan), Dongshan (Zhanjiang) and Meishan (Nanjing). Furthermore, it has further expanded its capacity layout through equity cooperation and is one of the global steel enterprises with the most comprehensive range of carbon steel products. In the face of long-cycle structural adjustments within the steel industry, Baosteel has adhered to a development direction characterized by high-end positioning, intelligence, green practices, efficiency, and internationalization. Rather than pursuing scale expansion as the sole objective, greater emphasis has been placed on unlocking value from existing assets through synergy. The Company is committed to a path driven by technological innovation, low-carbon and green development, intelligent manufacturing, and efficient intensification, thereby making a positive contribution to technological advancement, environmental protection, and sustainable development across the steel sector.

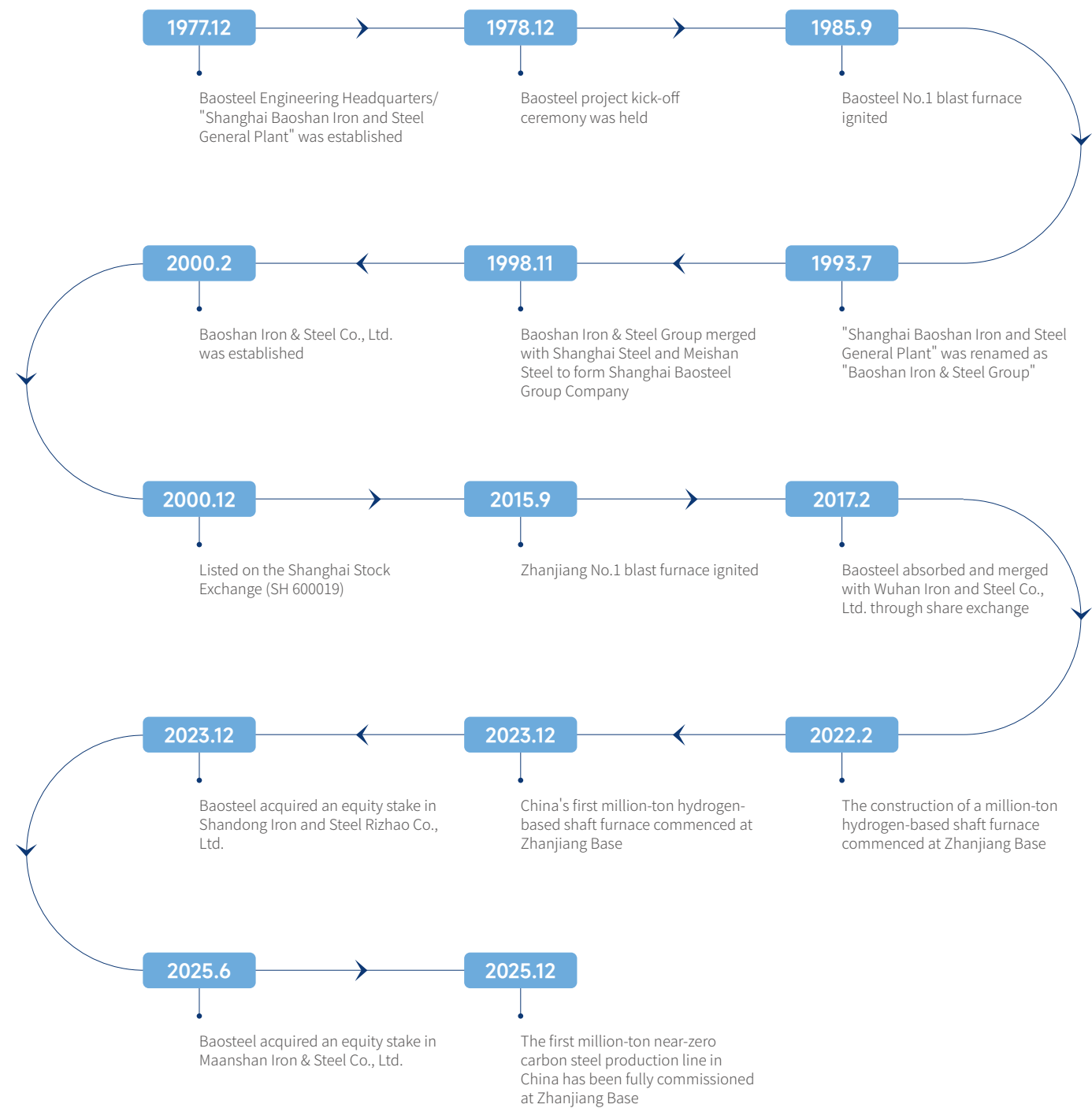
The Company adheres to innovation-driven development as its core, deepening its strategic layout for high-end product research and development, green and low-carbon transformation, intelligent manufacturing upgrades, lean operation management, and global market expansion. It systematically advances the implementation of its strategy and transformation development, comprehensively enhances its core competitiveness, and steadily progresses towards the goal of building a world-class steel enterprise with global competitiveness. In 2025, Baosteel comprehensively implemented the new development philosophy. The four major bases exerted coordinated efforts, while all business divisions, subsidiaries and overseas branches operated in high-efficiency synergy. Operating performance improved steadily, and the industry leadership position was further consolidated. This made new and greater contributions to China Baowu's accelerated construction of a world-class enterprise and to national prosperity and national rejuvenation.



Corporate History

Baosteel was listed on the Shanghai Stock Exchange in December 2000 (Stock Code: 600019). Having undergone more than two decades of historical transformation, The Company stands as a steel conglomerate founded independently in China with the most significant global competitiveness. Looking ahead, Baosteel will strive to serve as a pioneer in creating a world-class enterprise under China Baowu and as a forerunner of reform and development, dedicated to becoming the 'backbone' that enhances core functions and improves core competitiveness.

Historical Development



Strategic Development

The Company is focused on addressing the profound transformation in demand structure within the steel industry (where manufacturing's share of steel consumption has historically surpassed that of construction for the first time). Fully aligning with the new development cycle of the "15th Five-Year Plan", the Company has established 'strengthening through innovation' as the primary strategic pathway to create a world-class enterprise. It continues to advance and implement the "1+6" development strategy¹, accelerating the establishment of a world-class steel enterprise.

In 2026, marking the commencement of the "15th Five-Year Plan", the Company shall uphold the overarching operational principle of "seeking progress while maintaining stability and enhancing quality and efficiency by pursuing 'quality' and 'efficiency' through 'stability' and 'progress'", and will deeply implement a high-quality development model. We adhere to the Group's "Four Modernizations" development direction and "production with orders. Income with profits, output with margins and profit with cash" business principles. Focusing on technological innovation, green transformation, and global operations as our three core pillars, we continuously strengthen our core functions and enhance our core competitiveness. This ensures that our comprehensive competitiveness and operating performance remain firmly at the forefront of the industry, forging a new chapter in high-quality development through robust innovation and lean operations.

Looking ahead, the Company's strategic development for the "15th Five-Year Plan" will be advanced in depth by closely focusing on breakthroughs in high-end steel materials, near-zero carbon metallurgy, and the comprehensive digital and intelligent reconstruction of the entire process via "AI+". In the face of the global reshaping of industrial and supply chains and the deepening of the "Dual Carbon" goals, we shall take the lead as the leader of the new low-carbon metallurgical modern industrial chain, accelerating the expansion of high-end products such as electrical steel into frontier fields including new energy vehicles and humanoid robots. Baosteel is accelerating the creation of an original technology hub for green and low-carbon development and setting an industry benchmark for ESG governance. The Company is committed to becoming a core driving force leading technological innovation in national high-end strategic materials and supporting the transformation of the manufacturing powerhouse and energy transition.



¹ The Company's development strategy consists of one model and six capabilities, referred to as the "1+6" development strategy, specifically: adhering to high-quality development, enhancing and innovating the "one company with multiple bases" management model, continuously improving the six capabilities of technological innovation, product management, green and low-carbon development, smart manufacturing, efficiency improvement, and overseas development, becoming a global leaders.



Baosteel Company's "1+6" Development Strategy

Awards and Honors

Baosteel envisions becoming the world's most competitive steel enterprise and the listed company with the highest investment value. Adhering to high-end, intelligence, green, efficiency, and internationalization development direction, we aim to lead technological advancements in the industry, enhance product differentiation, accelerate digital transformation and intelligent upgrades, and serve as a model for green and low-carbon development. We are committed to contributing to the national strategy of the beautiful China and advancing modernization that fosters harmony between humans and nature. We also actively leverage the synergy of our multi-base operations, stimulate internal growth, enhance core competitiveness, and promote high-quality corporate development.

During the Reporting Period, through continuous efforts, Baosteel's performance in ESG has received high recognition from all sectors of society. Some of the awards are as follows:

Ranked 7th in CCTV's "China ESG Listed Company Pioneer 100" List Ranked 2nd in CCTV's "ESG Yangtze River Delta Pioneer 100" List	"2025 Best Practice Cases for Boards of Directors of Listed Companies" and "2025 Best Practice Cases for Sustainable Development" by the China Association for Public Companies (CAPCO)
Selected into Standard & Poor's <i>Global Yearbook of Sustainable Development 2026, Global Yearbook of Sustainable Development (China Edition) 2026</i>, ranking among the top 1% of Chinese enterprises by S&P Global CSA Score	Wind "Top 100 Chinese Listed Companies for ESG Best Practices (Large-Cap)"
Ranked First (Excellence Tier) in Dual-Carbon Leadership in the "Carbon Emissions Ranking of Chinese Listed Companies" co-published by <i>Caijing</i> Magazine and SinoCarbon	New Fortune Magazine "2024 Best Listed Companies and ESG Best Practice Award"
Included in <i>FORTUNE</i> Magazine's "Most Admired Chinese Companies" List	<i>Securities Market Weekly</i> "2025 Golden Dawn ESG Practice Award"
Included in the "List of Outstanding Listed Companies for Market Value Management" featured in East Money Securities' <i>2025 White Paper on Market Value Management of Listed Companies</i>	<i>Securities Times</i> "19th Top 100 Chinese Listed Companies for ESG"

ESG Management

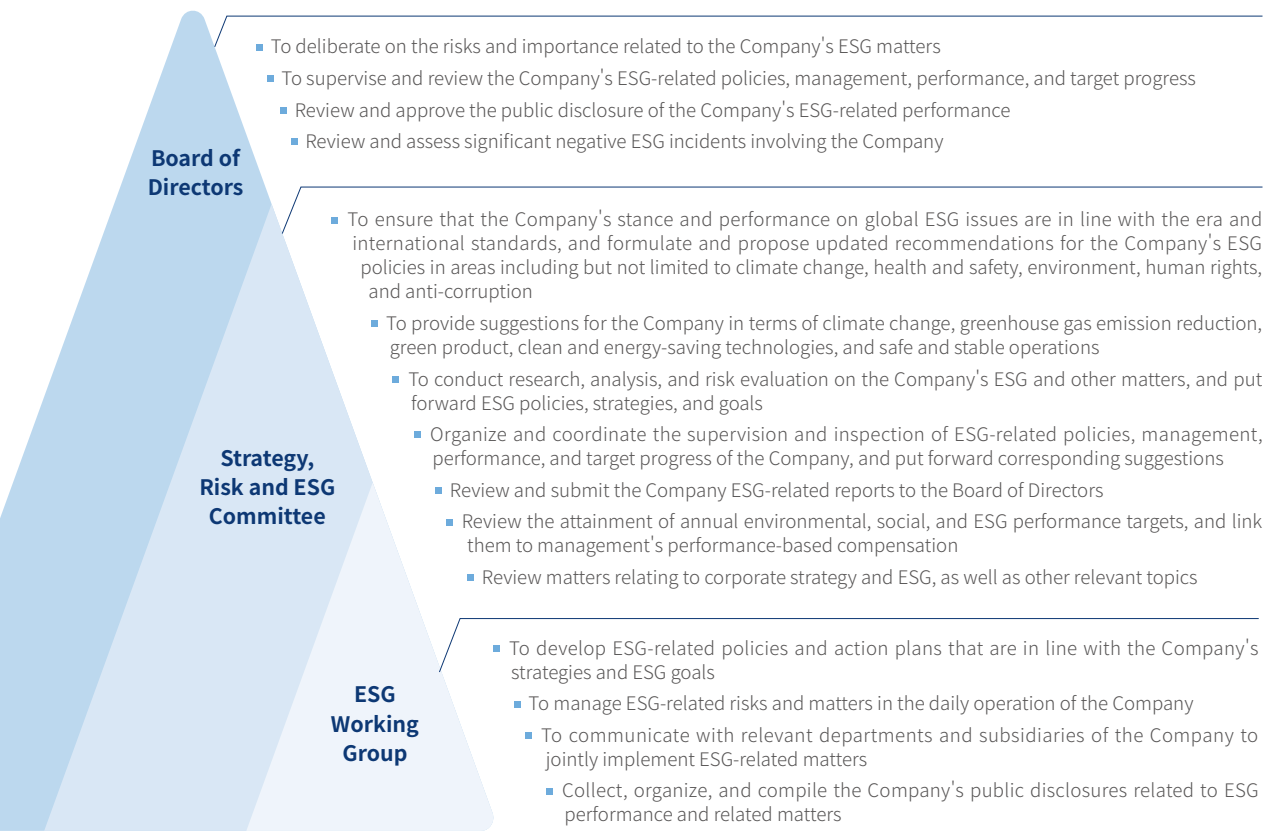
Baosteel has deeply embedded ESG principles into its corporate strategy, continuously strengthened the governance capabilities for sustainable development, facilitated stakeholder engagement, kept pace with evolving circumstances, and comprehensively promoted high-quality green development and the construction of a beautiful China, thereby laying a solid foundation for creating a world-class steel enterprise.

ESG Policy

Compliance in operations, risk prevention and control, care for employees, respect for human rights, green low-carbon development, sustainable procurement, to become the most competitive steel enterprise globally and the listed company with the highest investment value.

ESG Governance Structure

To ensure the formulation and implementation of the Company's long-term sustainable development strategy, Baosteel has established a multi-level management architecture operating from top to bottom. This structure is led by the Board of Directors, with the Strategy, Risk and ESG Committee serving as the core, and the ESG Working Group acting as the primary executive body for implementation. For more detailed scope of responsibilities, please refer to Announcement on the *Proposal for ESG Governance Structure Recommendations by Baosteel* (Announcement No.: Lin 2021-040).

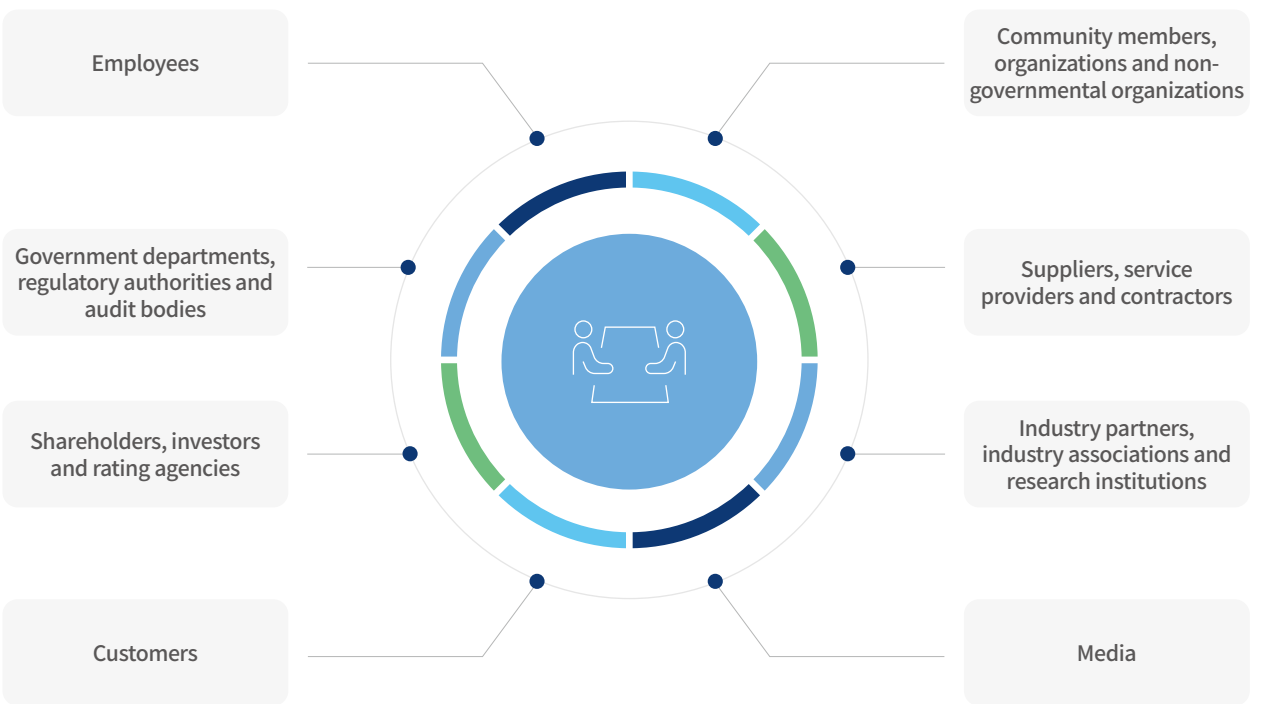


Baosteel's ESG Governance Structure

We link the remuneration of directors and senior management to ESG performance indicators. Key issues such as safety, environment, society, governance, and compliance management are incorporated into executive incentive and remuneration plans. Reward and penalty measures are implemented based on annual ESG assessment results to ensure the effective implementation of key ESG objectives and initiatives, thereby deepening the governance capacity for sustainable development. In 2025, Baosteel continued to incorporate the promotion of green development, the advancement of "Three Governance and Four Modernizations", and the research and development of low-carbon metallurgy technologies as performance indicators. Additionally, the enhancement of ESG system capabilities was established as a dedicated indicator and included in the operating performance targets for relevant members of the senior management team. Specifically, the assessment item regarding 'promoting intelligent and green development' for the General Manager of Baosteel accounted for 20% of the weight of the annual operating performance target, while the assessment item concerning 'enhancing ESG system capabilities' accounted for 5%. Furthermore, the Vice-General Manager responsible for relevant work had an assessment item on advancing "Three Governance and Four Modernizations" which accounted for 15% of the weight of the annual operating performance target. Baosteel will subsequently evaluate the operating performance targets of members of the management team and apply the results to remuneration settlement. During the Reporting Period, the Company's Strategy, Risk and ESG Committee convened two meetings to coordinate sustainability and ESG initiatives, assess ESG risks, and review relevant policies, regulations, standards, trends, and stakeholder requirements.

Communication with Stakeholders

Baosteel has identified the key stakeholders who possess decision-making authority and influence over the Group by considering its own business nature and operational characteristics alongside global industry experience and practice. Through in-depth engagement with all parties, we have gained a comprehensive understanding of the expectations and demands of stakeholders regarding the sustainable development of the Group, and these expectations serve as a critical reference for our continuous improvement and development. The Company's key stakeholders are categorized into the following eight categories:



The key issues of concern to various stakeholders and the methods of communication with the Company are as follows:

Stakeholder Groups	Key Issues of Concern	Communication Channels/Response Methods
Employees	 - Occupational health and safety - Talent development and retention - Employee rights and benefits - Promotion and development - Diversity and equality - Employee communication	- Various employee activities - Internal publications (newspapers, magazines) - Employee performance appraisal - Multimedia (e.g. official wechat accounts and other social media platforms)
Government departments, regulatory authorities and audit bodies	 - Environmental management system - Research and development of environmental protection technologies - Energy use efficiency - Efficiency of water resource utilization - Discharge of wastewater - Carbon emission reduction and carbon neutrality - Greenhouse gas emissions - Waste gas emissions - Waste management - Recycling of scrap steel - Use of new energy - Biodiversity	- On-site investigation - Meeting
Shareholders, investors and rating agencies	 - Economic performance and financial performance - Risk and crisis management - Corporate governance - Establishment of the ESG management system - Business ethics - Climate change risks and opportunities	- Shareholders' general meeting - Investor meeting - Performance presentation - Press release / announcement - On-site investigation
Customers	 - Technology and innovation - Product quality and safety - Customer service - Information security - Responsible marketing - Privacy protection - Development of green products - Green factory - Protection of intellectual property rights	- Customer satisfaction survey - Customer dedicated line - Official media platforms - Customer conference / user conference
Community members, organizations, non-governmental organizations	 - Public welfare and charity - Community engagement and integration	- Press release / announcement - Various public welfare undertakings
Suppliers, Service Providers and Contractors	 - Supply chain collaboration - Supply chain access and evaluation - Supply chain ESG management - Conflict minerals	- Supplier qualification audit - Supplier engagement conference
Industry partners, industry associations and research institutions	 - Industry development and supply - Smart manufacturing	- Industry association - Exhibition
Media	 Disclosure of information	- Media briefing - Press release / announcement - Official media platforms

Investor Relations

In 2025, the Company hosted 38 investor site visits involving 298 participants; participated in 37 investment strategy sessions organized by internationally renowned investment banks and domestic securities firms, comprising 92 exchanges; held 30 conference calls; conducted 35 roadshows for domestic investors; responded to 263 online inquiries from investors via the SSE e-Interactive platform and the Panorama Investor Relations platform; and published 99 articles on its official WeChat account, providing investors with the most up-to-date steel industry information and corporate updates. Jointly with external securities firms, the Company organized an "Investors Visit Listed Companies" event, receiving dozens of retail investors. Through immersive factory tours and face-to-face seminars, the Company conveyed its value in a more vivid and efficient manner, thereby enhancing market awareness and recognition. In terms of overseas exchanges, the Company's management team led delegations to Hong Kong and Singapore in May to attend the UBS Asia Investment Summit and the Citi 2025 Pan-Asia Regional Investor Summit. In September, the team returned to Hong Kong to participate in the Goldman Sachs Asia Leadership Summit. Furthermore, in late November, a delegation travelled to Singapore to engage with the Morgan Stanley Asia-Pacific Summit, thereby further consolidating ties with overseas investors who have long followed the Company's development.

In 2025

the Company hosted 38 investor site visits involving

298 participants

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92 exchanges

Investor Returns

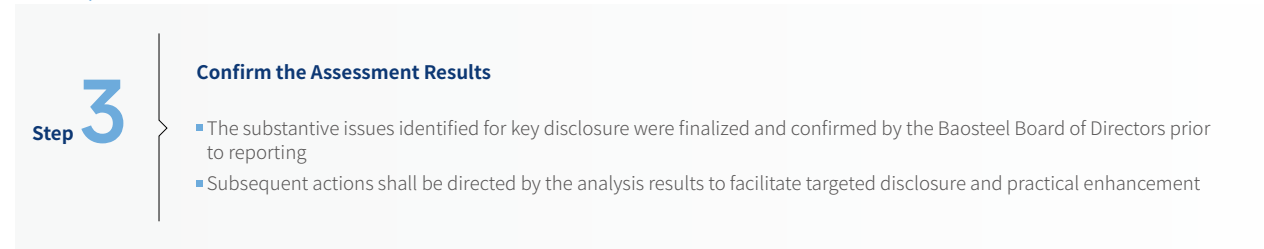
Baosteel shortened its dividend distribution cycle from 2021 to 2023 by introducing an additional interim dividend coinciding with the release of the semi-annual report. This policy has been recognized and affirmed by investors. In 2024, in alignment with the regulatory policy direction, the Company continued to actively return value to investors with utmost sincerity. While maintaining the "twice-yearly dividend" policy, the implementation of interim dividends was incorporated into the *Articles of Association* as a long-term policy, thereby clarifying the interim dividend policy and its decision-making mechanism. On 8 April 2025, the Company further issued its dividend plan for the period 2024–2026, committing that cash dividends in the annual profit distribution scheme for the next three years shall not be less than RMB 0.20 per share. Simultaneously, it maintained the core dividend principle that "cash dividends shall not be less than 50% of the net profit attributable to shareholders of the parent company as audited in the consolidated financial statements of the relevant year", thereby providing investors with a clear minimum return guarantee.

In 2025, the Company strictly implemented the interim dividend policy stipulated in the *Articles of Association*. On 26 August 2025, the profit distribution plan for the first half of 2025 was approved, under which a cash dividend of RMB 0.12 per share (inclusive of tax) was declared. The total cash dividends distributed amounted to RMB 2,565,277,451.04 (inclusive of tax), representing 52.58% of the net profit attributable to shareholders of the parent company for the first half of the year.

The Company proposes to distribute a cash dividend of RMB 0.18 per share (inclusive of tax) for the second half of the year, amounting to an estimated total distribution of RMB 3,847,916,176.56 (inclusive of tax), representing 70.39% of the net profit attributable to shareholders of the parent company in the consolidated financial statements for the second half of the year. The cash dividend per share for the year 2025 is RMB 0.30 (inclusive of tax), with an estimated total dividend amount of RMB 6,413,193,627.60 (inclusive of tax), representing 61.99% of the net profit attributable to shareholders of the parent company in the consolidated financial statements. As at the end of 2025, since its listing, the Company has cumulatively implemented four rounds of share buybacks, with a total buyback amount reaching RMB 11.28 billion and a cancellation ratio of 78.3%, ranking among the top in the A-share market. On 24 July 2025, the Company completed the repurchase and cancellation of shares related to its third tranche of restricted stock plan. It repurchased and cancelled 126,559,250 restricted shares at a price of RMB 4.29 per share due to the failure to meet the performance assessment targets for 2024. This action further optimized the capital structure and enhanced earnings per share.

ESG Material Issues

ESG material issues serve as the starting point and core for the Company's sustainable development strategic planning, risk and opportunity management and response, and information disclosure. During the Reporting Period, we comprehensively analyzed regulatory requirements, industry trends and stakeholder concerns to identify material sustainability issues. In accordance with the Shanghai Stock Exchange's *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*, a double materiality assessment was conducted. This involved a comprehensive analysis of how each material issue significantly impacts the Company's business model, operational activities, development strategy, financial position, operating results, cash flows, financing methods and costs in the short, medium and long term (hereinafter referred to as "financial materiality"), and whether the Company's performance on each material issue significantly impacts the economy, society and environment (hereinafter referred to as "impact materiality"). Following the determination of the materiality issue matrix, the Board discussed and approved the annual assessment results.



Baosteel ESG Materiality Issue Analysis Process

Based on the aforementioned steps, during the Reporting Period, we identified a total of 22 matters of significance. Among these, two matters were deemed to possess high financial significance, namely Climate change tackling and Innovation-driven development. Eight matters were assessed as having high impact significance, including Safety and quality of products and services, Corporate governance, Climate change tackling, Pollutant discharge, etc.. The Company fully recognizes the significance of material issues for its own business development and the impact of its management on the economy, society, and environment. In response to these material issues, the Company has established management strategies to continuously enhance its management capabilities, thereby better addressing and mitigating internal and external risks that may affect the Company's operations and stakeholders. The order of material issues is illustrated in the figure below:



Baosteel 2025 Double Materiality Issue Matrix²

² As at the end of the Reporting Period, the balance of Baosteel's accounts payable (including bills payable) did not exceed RMB 30 billion, representing no more than 50% of total assets. Furthermore, the Company had no information regarding overdue payments to small and medium-sized enterprises on the National Enterprise Credit Information Publicity System. Consequently, a separate topic titled "Equal Treatment of Small and Medium-sized Enterprises" was not established. Details regarding "Due Dilligence" have not been listed separately as they are relevant to all topics. The issue of "Technology Ethics" is not applicable to the scope of Baosteel's business and has therefore not been listed separately.



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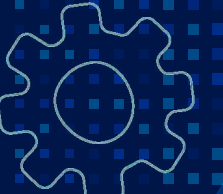
Governance

Baosteel strictly adheres to applicable laws and regulations as well as listing management requirements. By closely aligning with the specific characteristics of the steel industry, it has established a distinctive governance structure that is consistent with the Company's strategy and adapted to actual production and operation conditions, thereby laying a solid foundation for the Company's steady development. We remain committed to deepening standardized operations and strengthening scientific governance.

We continuously improve the systems for Party building, governance, taxation, business ethics, risk management, and information security to comprehensively enhance corporate governance effectiveness. This transforms the advantages of a modern state-owned enterprise system with Chinese Characteristics into a powerful driving force for strategy implementation and sustainable development, enabling the Company to maintain its leading position in the global steel industry's green and intelligent transformation.



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Party Leadership

In 2025, under the leadership of the Party Committee of China Baowu, the Party Committee of Baosteel adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly studied and implemented the spirit of the 20th National Congress of the Communist Party of China and all subsequent plenary sessions of the 20th CPC Central Committee, deeply comprehended the decisive significance of "Two Establishments", strengthened the "Four Consciousnesses", consolidated the "Four Confidences", and achieved the "Two Upholds". We pursue development guided by the "Four modernizations" and adhere to the "Four Modernizations" as our operational tenets. Our business performance continues to rank first domestically within the industry, and we effectively leverage high-quality Party building to lead and safeguard the Company's high-quality development.

Showcase Clear-Cut Political Stand

Improve policies and mechanisms. We regularly follow President Xi Jinping's speeches and instructions; to improve the 'first issue' mechanism, promote the standardization and long-term effectiveness of the "first issue" policy, and ensure that General Secretary Xi's important speeches and instructions as well as the major decisions and deployments of the CPC Central Committee are effectively implemented at Baosteel.

Enhance political capability. Through the implementation of concentrated training sessions on the spirit of the Third and Fourth Plenary Sessions of the 20th CPC Central Committee, the establishment of a fundamental training mechanism, the strengthening of political practice, the instillation of a correct view of political achievements, and the emphasis on practical action and tangible results, the ability of Party members and cadres to perceive, analyze, and address issues from a political perspective, as well as their capacity to grasp the overall situation, has been enhanced.

Enhance conscious action. Always bearing in mind "The Top Priorities of the Country", the Company shall take the lead and set an example in deepening the green low-carbon transformation and development, implementing the national strategy of the "Belt and Road" Initiative, strengthening innovation-led growth, and carrying out major decisions and deployments on rural revitalization.

Concentrate Heart and Soul for Enhancement

The theoretical learning system shall be improved. Establish a "three-tier" learning and education system featuring leading cadres demonstrating through action, key groups innovating for in-depth study, and grassroots party members engaging in regular and long-term learning; improve institutional mechanisms including the "First Topic", "Party Committee Theoretical Learning Center Group Study", regular training, "Three Meetings and One Lesson", and themed party days; gradually form an integrated system for studying, transforming, and implementing the Party's innovative theories, characterized by interlocking and organically fused institutional construction across all stages.

Strengthen mainstream public opinion and discourse. Deepen the "commitment system" for persons responsible for ideology and those in charge of position operations, thereby consolidating the ideological work responsibilities of all levels of Party organizations; actively cultivate and practice socialist core values; explore methods for handling public opinion and strengthen the management of online conduct by Party members, thereby promoting a stable and positive corporate public opinion environment.

Promote the transformation of cultural strength. Adhering to the principles of being rooted in history, upholding excellence, embracing diversity, and maintaining strategic orientation, the Company has cultivated an enterprise spirit characterized by "the original aspiration of serving the nation through steel, a rigorous and demanding attitude, a path of learning and innovation, the objective of striving for first-class status, and the responsibility of shared development". The 2025 edition of *Knowledge and Action for Baosteel's Personnel* has been revised and promulgated to consolidate the most fundamental, profound, and enduring strength for reform and development.

Build a Strong Leadership Group

Focus on building a high-quality cadre team. Adhere to the principle of Party management of cadres, select and appoint virtuous and capable individuals by fully leveraging the role of Party organizations in vetting candidates in accordance with the "20-character" standard for leaders of state-owned enterprises, strengthen team building, improve the mechanism for cultivating outstanding young cadres, optimize the structure of the workforce, refine the performance evaluation mechanism to stimulate cadre vitality, etc., with a focus on building a high-quality cadre team capable of advancing the Company's high-quality development.

Focus on accelerating the construction of a talent hub. Adhere to the principle of the Party managing talent, implement the spirit of the Central Talent Work Conference, aim at the goal of "build a high-level talent pool for the steel industry" , and steadily advance the "159" Talent Project. Establish a talent development system for digital and intelligent steel industry professionals, intensify efforts in cultivating international talents, and strengthen the training of composite talents proficient in operation, inspection, maintenance, and dispatch. Advance nine initiatives including the Management and Operation Personnel Development Plan, the Lingyan Plan, and the Excellent Engineer Forging Plan to provide institutional and mechanism guarantees for the construction of a talent highland.

Strengthen System and Mechanism

Comprehensively strengthen grassroots Party organizations. Baosteel focuses on strengthening grassroots organizations, implement the construction of an exemplary chain across all areas, and further promotes the "creating products with a production capacity of one million tons,a gross profit of RMB 1,000 per ton, a total gross profit of RMB 1 billion"pioneering project; continues to promote the work of "one Party committee for one brand, and each Party branch with respective characteristic"; and constantly strengthens the construction of "grassroots organization, team,and systems". We strictly implement the "Four Synchronizations" and "Four Connections" policies to ensure the full coverage of the Party's organization and work.

Enhance the quality and efficiency of education and management of Party members. Strengthen and implement the mechanisms for developing Party members, arming with the Party's innovative theories, managing and supervising Party members, and enabling Party members to play their roles, and fully implement the "Seven-Grasp" project of Party building. Deepen the thematic practical activity of "I am a Party Member", guiding Party members to play their roles in "staying grounded in their posts", "cyberspace", and "serving the masses".

Promote the deep integration of Party building with business operations. Adhere to the principle of strengthening party building around the central focus and promoting business operations through effective party building. By carrying out education on current situations and tasks, joint construction between party organizations, mutual assistance actions among party branches, thematic practical activities, establishment of party member commando teams, demonstration posts for party members, and responsibility zones for party members, continuously promote the deep integration of party building with production and operation.

Strictly Enforce Discipline and Supervision

Advance the concrete, precise, and standardized political supervision. Centering on the decisions and deployments of the CPC Central Committee and the important speeches, directives, and instructions of President Xi Jinping, continuously improving the quality and efficiency of political supervision projects in "implementation of key scientific and technological innovation tasks", "green and low-carbon development", "fixed-point assistance for rural revitalization", and "marketing, procurement, and manufacturing sectors".

Implement the spirit of the Central Eight-point Regulation and its detailed rules. Conscientiously carry out the study and education on thoroughly implementing the spirit of the Central Eight-point Regulation, persistently implement the spirit of the Central Eight-point Regulation resolutely correct the "four forms of decadence, i.e., formalism; bureaucratism; hedonism; extravagance", create new achievements with good style and image; maintain a high-pressure posture continuously, conduct education reminders and supervision inspections, seriously investigate and punish cases violating the spirit of the Central Eight-point Regulation and issue public notices.

Promote the integrated advancement of not daring to be corrupt, not being able to be corrupt, and not wanting to be corrupt. Focus closely on key areas and critical links characterized by concentrated power, intensive capital flows, and abundant resource endowments to strengthen supervision and inspection; adhere to "full-cycle management" to deepen education through cases, reform driven by cases, and governance enhanced by cases; strengthen the construction of integrity culture, emphasize the interpretation of Party discipline and case warnings, and cultivate a political ecosystem that is clean and upright.

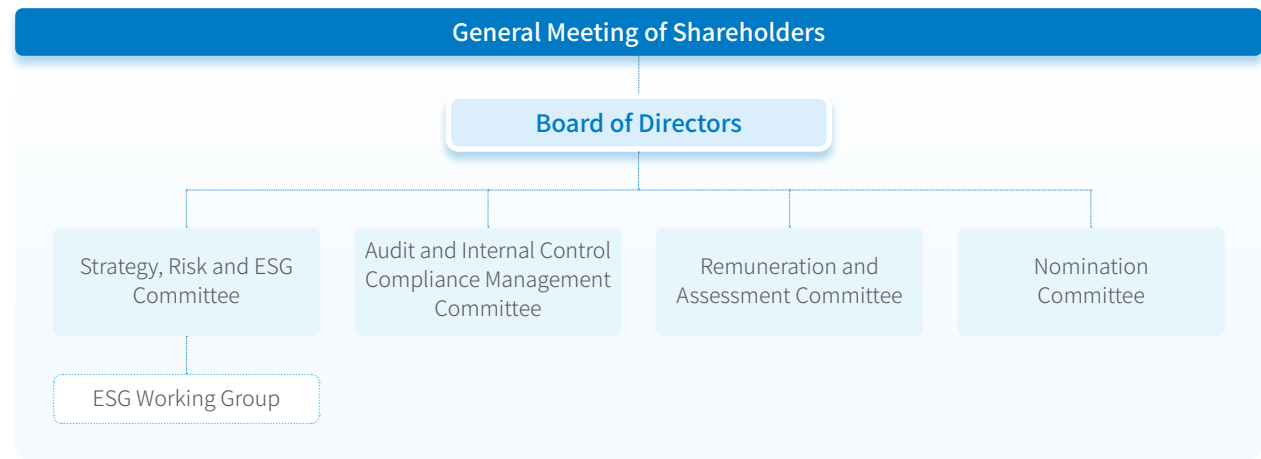
Well-defined Responsibilities to Ensure Implementation

Consolidate the Party building responsibilities. Baosteel firmly grasps the key point of the Party building responsibility system, establishes responsibilities list, tasks list, negative list, and evaluation lists, and implements the responsibilities for Party building at alllevels through "four majoresponsibilities". We adhere to the principle of "organization evaluating and secretary reviewing", ensure full coverage of all required statements.continuously enhance the awareness of Party governance, and implement the responsibility of Party governance. We effectively utilize accountability mechanisms to enforce responsibility implementation.

Corporate Governance

Baosteel has always regarded standardized and efficient corporate governance as the cornerstone of its development. It strictly complies with the requirements of laws, regulations and normative documents, including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *China Securities Regulatory Commission's Code of Corporate Governance for Listed Companies in China*, the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, the *Guidelines for Self-Regulatory of Listed Companies No. 1—Standardized Operation*, the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*. Furthermore, in accordance with the *Articles of Association* of the Company and the rules of procedure for each special committee of the Board of Directors, it conducts management decision-making and operational supervision, continuously promotes standardized operations, and constantly enhances the effectiveness of corporate governance.

The Company has established an organizational structure with the Board of Directors as the core leadership. The Board has established a Strategy, Risk and ESG Committee, an Audit, Internal Control and Compliance Management Committee, a Nomination Committee, and a Remuneration and Assessment Committee. These committees implement corporate governance principles from top to bottom, ensuring compliant operations and the efficient functioning of business activities. The Audit and Internal Control and Compliance Committee and the Remuneration and Assessment Committee are both composed entirely of independent directors, with an independent director serving as convener. The Nomination Committee comprises a majority of independent directors, also chaired by an independent director. All special committees have diligently discharged their duties within their authorized scope, ensuring the independence and impartiality of audit supervision, internal control, as well as the assessment and appointment of directors and senior management. The Company has simultaneously established a dedicated meeting mechanism for independent directors. Major matters, such as related-party transactions, are subject to prior review and approval by this dedicated meeting of independent directors, thereby further strengthening the safeguard mechanisms for the performance of duties by independent directors.



Baosteel's organizational structure



Board Diversity

Baosteel continues to optimize the composition of its Board and further deepens the construction of a diversified Board structure. A well-structured board of directors ensures the scientific rigor and strictness of decision-making. Over the years, the Company has practiced a diversified board across multiple dimensions, including background, gender, domestic and international origins, and onshore and offshore presence, ensuring that external directors constitute more than half of the board, with reasonable succession between new and existing members and complementary professional backgrounds. The Company's *Declaration on Diversity and Independence of Board Members* incorporates diversity factors (encompassing gender, age, educational and cultural background, ethnicity, professional expertise, professional conduct, and experience) into the considerations for director appointments, thereby providing diverse perspectives and insights for senior decision-making. During the Reporting Period, the proportion of female directors increased to 20%, and the proportion of independent directors reached 40%. In accordance with the *Rules of Procedure for the Board of Directors of Baosteel*, it is explicitly stipulated that a board meeting may only be convened if more than half of the directors are present. During the Reporting Period, the average attendance rate at board meetings remained at 100%.

We have strictly adhered to the *Administrative Measures for Independent Directors of Listed Companies* (2025 Revision) promulgated by the China Securities Regulatory Commission. Based on our own operational realities, we conduct a systematic and itemized verification across key areas including the mechanism for independent director special meetings, independence management, eligibility qualifications and conditions, tenure limits, restrictions on the number of concurrent positions, measures to safeguard performance of duties, and the construction of the policy system. On this basis, we have formulated subsequent recommendations for improvement and optimization, as well as implementation plans, to fully align with the higher standards and requirements imposed by the new rules regarding standardized operations and information disclosure. During the Reporting Period, the composition of the Baosteel Board was as follows:

Name	Gender	Industry Experience		Board of Directors	Strategy, Risk and ESG Committee	Audit, Internal Control Compliance Management Committee	Remuneration and Assessment Committee	Nomination Committee
		GICS 1 Classification	Description					
Non-independent Directors								
Zou Jixin	Male	Raw Materials - Metals and Mining	Possesses extensive experience in corporate management, corporate governance, green development, and the management of steel production and manufacturing	●	★			
Liu Baojun	Male	Raw Materials - Metals and Mining	Possesses extensive experience in steel production and operation management, enterprise management, and low-carbon metallurgy	●	●			
Gao Xiangming	Male	Raw Materials - Metals and Mining	Possesses extensive experience in production and operation, operational management, and low-carbon green development of steel enterprises	●	●			●
Yao Linlong	Male	Raw Materials - Metals and Mining	Possesses extensive experience in the manufacturing and production of steel enterprises, green development, and marketing management	●				
Zhou Xuedong	Male	Raw Materials - Metals and Mining	Possesses extensive experience in the organizational management of steel enterprises	●				●

Name	Gender	Industry Experience		Board of Directors	Strategy, Risk and ESG Committee	Audit, Internal Control Compliance Management Committee	Remuneration and Assessment Committee	Nomination Committee
		GICS 1 Classification	Description					
Independent Director								
Chen Li	Female	Non-daily consumer goods consumer services - Comprehensive consumer services - Education services	Engaged in teaching and research in private international law, international economic law, etc., with a research focus on the international commercial arbitration system, inter-regional judicial assistance, international trade remedies, Antarctic international governance, and the Antarctic Treaty System	●		●	★	●
Guan Xinping	Male	Industry - Commercial and Professional Services - Investigation and Consulting Services	Having engaged in research for an extended period on the integrated design theory and application of perception, transmission, and control within network systems, its research outcomes have been applied to sectors such as steel manufacturing	●	●	●		★
Su Min	Female	Industry - Commercial and Professional Services - Investigation and Consulting Services	Possesses extensive experience and profound professional expertise in the fields of accounting, finance, financial management, and corporate enterprise management	●	●	★	●	
Li Zhiqing	Male	Industry - Commercial and Professional Services - Investigation and Consulting Services	The primary areas of research focus on green finance and environmental economics, with profound expertise in fields such as green finance and ESG	●	●	●	●	●
Employee Director								
Wang Fengtao	Male	Raw Materials - Metals and Mining	Possesses extensive experience in steel production, human resources, and corporate operational management	●				

★ Director of the Committee

● Remuneration of the Board and Senior Management

We adhere to the remuneration management principles of "salary payment based on job value, work performance, and personal contribution", while continuously optimizing and refining the remuneration management system. In accordance with the *Senior Management Performance Evaluation Method* and the *Senior Management Compensation Management Method*, among other relevant normative documents approved by the Baosteel Board of Directors, the annual remuneration standards payable to senior executives, directors, and supervisors who received remuneration from the Company during the current year have been determined based on their annual performance evaluation results and subject to approval by the Board of Directors.

The remuneration of the Baosteel CEO comprises fixed and variable components, implemented in accordance with the relevant requirements stipulated in Baosteel's the *Senior Management Compensation Management Method* and the *Senior Management Performance Evaluation Method*. The Company adheres to a performance-oriented approach by establishing annual performance indicators and a three-year term target system. Emphasis shall be placed on integrating current performance targets with long-term development goals, ensuring that production and operation performance indicators are aligned with environmental and system construction indicators. In 2025, the achievement rates of ESG objectives, including carbon emission reduction and rural revitalization, were incorporated into senior management performance appraisals. The CEO's variable remuneration was rigidly linked to ESG indicators. The Company conducts an annual performance evaluation of the Chief Executive Officer. The assessment dimensions encompass financial and operational performance indicators, including total profit, return on net assets, cost reduction amounts, and sales volumes across product families; as well as system capability enhancement indicators, covering ESG system capabilities, intelligence development, green development, and deepening procurement reforms. Ultimately, these outcomes are rigidly implemented in accordance with the performance appraisal results.

 Tax Strategy

Baosteel regards the fulfilment of tax obligations in accordance with the law as the most fundamental social responsibility of the Company. As a responsible global corporate taxpayer, Baosteel adheres to the principle of paying taxes in accordance with the law. In international transactions, strictly complies with the arm's length principle established by national tax laws and the OECD Transfer Pricing Guidelines, proactively adopting to the new BEPS 2.0 "Two-Pillar" international tax reform framework and faithfully fulfils its declaration and tax payment obligations under both domestic and international law. *The Baosteel Tax Strategy*, having been deliberated and approved by the Board of Directors, has been publicly disclosed on the Company's official website (see <https://www.baosteel.com>). Baosteel has systematically established tax management policies and standards categorized by tax type through the continuous improvement of its tax management system, while implementing supporting process specifications for tax declarations and invoice management to ensure that daily tax management operations are conducted in a standardized, orderly, and efficient manner.

We pledge to

- **Compliance and Substance Equally Emphasized:** Strictly adhere to the tax laws and regulations of the countries or regions in which the Company operates, uphold the principle that "substance over form", and participate solely in commercial transactions that support genuine business activities and create real economic value.
- **Transparency and Collaborative Coexistence:** Fulfil tax declaration obligations in accordance with tax laws, conducting operations on the principles of transparency and mutual trust in relations with relevant government authorities; actively respond to global tax transparency initiatives by enhancing the disclosure and exchange of tax-related information within the framework of legality and compliance.
- **Disclosure and Demonstration of Responsibility:** The Company discloses its Tax Strategy to the public in a transparent manner. The financial statements and audit report include information regarding the Company's deferred tax assets and liabilities, corporate taxes, and tax rates.
- **Fairness and Global Synergy:** Transfer pricing is conducted in accordance with the arm's length principle. The Company proactively aligns its practices with the requirements of the OECD "Two-Pillar" Solution, refraining from exploiting tax law discrepancies, loopholes in the international tax system, or tax havens to evade tax. Furthermore, value creation is not transferred to low-tax jurisdictions, as the Company is committed to constructing a fair global tax environment.
- **Green and Strategic Orientation:** Abandon tax arrangements lacking commercial substance, actively respond to the national "Dual Carbon" strategy and green Tax Strategy orientation, promote the development of state-encouraged businesses such as low-carbon metallurgy and circular economy, and comply with requirements for enjoying tax incentives.
- **Layout and Value Drivers:** The Company's entity locations are determined solely by business rationale and the need to optimize the value chain, such as customer clusters, supplier networks, endowments of raw materials, centers for technological innovation, and logistics hubs, thereby ensuring that the tax architecture serves the real economy.
- **Risk Control and Digital Empowerment:** In accordance with OECD guidelines and national regulations, a dynamic transfer pricing documentation system has been established to ensure ongoing compliance.

Tax Strategy

Governance

- The head office of the Company sets up a tax management function consisting of senior experts and specialized personnel to be responsible for the tax management and overall tax risk control of the parent company's legal person, as well as providing tax guidance and consultation for its subsidiaries. Subsidiaries at all levels set up tax management positions to ensure their strict compliance with tax obligations and prevent tax risks.
- We intervene in major business activities such as company M&A, overseas business expansion, etc. in advance, evaluate the tax efficiency of investment structure and business operation mode, and provide effective support for the Company's decision-making.
- We believe that tax governance is a sustainable process. We shall dynamically monitor business processes, closely aligning them with the business management structure and ESG objectives to establish a long-term sustainable modern tax management system.

Compliance

- We strictly fulfil our global tax obligations by declaring and paying taxes accurately in accordance with the laws and tax treaties of each country. We adhere to national laws and tax agreements, maintain transparent collaboration with local tax authorities, and uphold our corporate citizenship responsibilities through honest tax compliance, thereby making a positive contribution to local social development.
- We support international tax-related initiatives and shall not utilize tax regime differences, regulatory loopholes or "tax havens" to transfer profits or evade taxes, thereby upholding a fair tax order.
- We adhere to the principle of substance over form and preclude tax structures lacking commercial purpose. All related-party transactions strictly adhere to the arm's length principle. The fairness of pricing has been verified by external experts, who have issued a transfer pricing report, ensuring that the entire process is traceable and subject to supervision.
- We recognize that, due to competition, there is a risk of double taxation regarding transfer pricing involving our overseas business locations, namely the contest for taxing rights between tax authorities. To resolve this issue, we have complied with the "arm's length range".

Transparency

- We uphold the principle of openness and transparency by disclosing tax information in full through statutory channels. The financial statements and accompanying notes clearly set out key indicators such as income tax accounting policies, deferred tax assets and liabilities, current taxes payable, and effective tax rates, and have been objectively verified by an independent third-party audit firm to ensure the authenticity and reliability of the data.
- On the basis of mutual respect, transparency and trust, we have established an open and constructive dialogue mechanism with tax authorities and other relevant bodies. Upholding the principle of cooperative compliance, we ensure the timely and accurate submission of tax-related information, establish and improve a comprehensive accounting archive management system, fully record and substantiate the basis for tax treatments, and support any necessary disclosures with a robust data foundation, thereby demonstrating the Company's integrity and corporate responsibility.

Risk Management

- Proactive Identification and Substantive Operations:** Baosteel has proactively established a tax risk identification and control mechanism while strictly adhering to legal requirements. Maintain transparent communication and provide factual evidence as required to enhance mutual trust. All entities of the Company are established for genuine commercial purposes. The Company firmly prohibits shell structures created solely for tax avoidance and will not transfer profits to "tax havens".
- Dynamic Monitoring and Professional Empowerment:** Should the tax law be amended, or should other laws, rules or rulings be promulgated or amended, we shall monitor potential areas, seek prior approval from the Company, and review potential risks. In areas of significant uncertainty or exceptional complexity, we seek advice from external professional tax advisors and conduct regular business and skills training for employees. Concurrently, obtaining prior approval from the tax authorities in advance enhances clarity in areas of uncertainty.
- Integration of Internal Control and Value Balance:** Baosteel strictly adheres to the *Guidelines for Internal Control of Listed Companies on the Shanghai Stock Exchange*. By implementing an internal tax risk management system, the Company controls its risks. When tax laws change, the Company monitors applicable areas and conducts advance reviews of potential risks. The Company aims to achieve an appropriate balance between risk and return, minimizing the adverse impact of risk on its operating performance, thereby maximizing returns when accepting such risks.

Tax Information Analysis

→

Review of Tax Regulations at Home and Abroad

→

Identify Potential Tax Risks

→

Develop Measures to Address Potential Risks

→

Control and Response

Tax Risk Management Mechanism

Furthermore, Baosteel annually conducts a regular assessment of compliance with national tax regulations and internal tax management policies applicable to the Company's daily operational activities and promptly rectifies any identified issues. During the Reporting Period, no tax compliance violations attributable to intentional misconduct or gross negligence occurred.

Tax Filing

Baosteel continues to strictly fulfil its declaration and tax payment obligations under domestic and international laws, paying taxes in full and on time in accordance with the law.

27

Business Ethics

Baosteel has consistently adhered to lawful and compliant operations, strictly abiding by relevant laws and regulations including the *Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and the *Interim Provisions on the Prohibition of Commercial Bribery*. The Company has continuously improved its business ethics management framework and formulated and implemented internal policies such as the *Code of Conduct of Baosteel* and the *Supplier Code of Business Conduct*. During the current year, to further strengthen the foundation of compliance management, the Company revised the *Baoshan Iron & Steel Co., Ltd. Code of Conduct for the Company and its Employees*, promoting continuous improvement of the commercial ethics policy and establishing a long-term mechanism.

Baosteel adheres to the fundamental principles of market competition and is committed to maintaining a fair, orderly, and transparent market environment. It firmly prohibits any conduct that violates commercial ethics and compliance requirements, including but not limited to commercial bribery, extortion, fraud, money laundering, monopoly, and unfair competition. During the Reporting Period, Baosteel incurred no fines or settlements related to anti-competitive conduct, conflicts of interest, money laundering, or insider trading, nor were there any litigation matters or significant administrative penalties arising from unfair competition.

Business Conduct

- Compliance with laws and regulations
- Avoidance of conflicts of interest
- Fair competition
- Tax compliance in good faith
- External donations and sponsorships

Employee Protection

- Equal treatment and non-discrimination
- Occupational health and safety

Social Responsibility

- Environment and climate protection
- Charity

Information Disclosure and Information Management

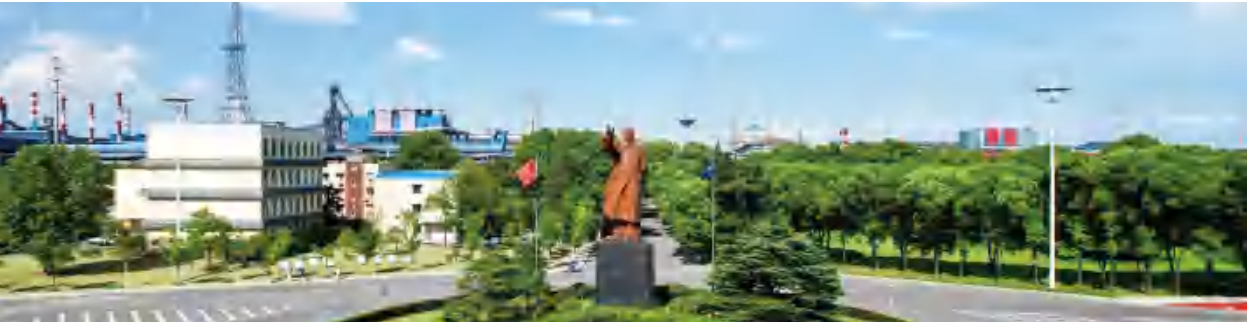
- Information disclosure
- Confidential information/secret
- Data protection and information security

Safeguarding Measures

- Training
- Compliance reporting and investigations

Baosteel Code of Conduct

Baosteel continues to refine its business ethics management system, clarifying the division of responsibilities across all levels in business ethics management. Through the establishment of sound policies and procedural arrangements, it strengthens the identification, prevention, and control of relevant risks. The Company's Board of Directors has established the Audit, Internal Control and Compliance Management Committee to supervise and manage business ethics-related policies and their implementation. A dedicated internal audit department reporting directly to the Board of Directors has been established to conduct continuous monitoring and inspection, and to regularly assess the integrity and effectiveness of the risk management and internal control systems of all units.



In 2025, the Baoshan Base underwent re-certification by the third-party international certification body BSI, whereas the Meishan and Dongshan Bases obtained BSI certification. The Qingshan Base was certified in February 2026. Prior to the publication of the report, all four Baosteel sites had obtained certification for an ISO 37301:2021 Compliance Management System. The relevant certification covers aspects including compliance risk management, compliance review and reporting mechanisms, the formulation of compliance policies and objectives, and the establishment of compliance management systems. This has driven a systematic improvement in the Company's compliance management levels across key areas such as corporate governance, product liability, environmental protection, energy management, work safety and occupational health and safety, anti-monopoly, anti-unfair competition, anti-commercial bribery, and anti-fraud.

To further consolidate the foundation of compliant operations and promote the deep integration of business ethics requirements with corporate culture and daily management, Baosteel has utilized online and offline training platforms to deliver business ethics compliance training to all employees, including managers, compliance liaisons, and internal auditors. Concurrently, on-site training was organized for contractors to guide them in adhering to standards regarding anti-corruption and employee rights protection, thereby continuously advancing the implementation of a compliance culture within the Company and throughout its supply chain. During the Reporting Period, Baosteel's business ethics training achieved full coverage for all employees and cooperative suppliers³.



ISO 37301:2021 Compliance Management System Certificate

Baosteel Business Ethics Training

2025 Company-wide Compliance Training

Baosteel organizes annual online compliance training for all employees. The training covers the compliance policy and objectives, the Company's and employees' code of conduct, the compliance reporting and review mechanisms, as well as anti-unfair competition and anti-monopoly matters. These initiatives continuously promote the integration of compliance requirements into daily management and operations.

2025 Special Compliance Training

During the current year, Baosteel organized special training sessions on the ISO 37301:2021 compliance management system standard. Adopting a blended approach of online and offline delivery, the Company systematically explained the core requirements of the compliance management system to headquarters compliance auditors, compliance liaisons from various departments, and system liaisons of relevant overseas entities. The effectiveness of the training was verified through assessment examinations, thereby promoting the continuous and effective operation of the compliance management system.



Special Compliance Training

³ Cooperative suppliers refer to corporate entities (including contract production and maintenance suppliers) engaged in on-site production operations, maintenance, and other related services outside Baosteel's core production and business activities.

Integrity Construction

To continuously strengthen the foundation of lawful and compliant operations and integrity-based governance, and to ensure that integrity requirements permeate all aspects of corporate governance and business management, Baosteel systematically integrates integrity awareness into various commercial activities involving internal management and external cooperation. It continues to refine its integrity management policy system by formulating and implementing policy documents such as the "Three-Importance and One-Major" Decision System of Baosteel, the Business Management and Investment Discipline of Baosteel, and the Detailed Rules for Strengthening the Implementation of Inspection, Rectification and Results Applications. These measures clearly stipulate specific anti-corruption requirements for employees and commercial partners such as suppliers, thereby promoting the continuous deepening of the construction of an Integrity Baosteel. Concurrently, the Company incorporates ethical compliance performance into employee performance appraisals, firmly precludes bribery in any form, and continuously strengthens employees' awareness of integrity in professional conduct and compliance with regulations.

Integrity Risk Prevention and Control

Baosteel continues to refine its integrity risk early warning and prevention mechanisms, driving business departments to deeply integrate integrity risk prevention requirements into the entire process of daily operational management and internal control, thereby strengthening pre-event prevention and process supervision. Baosteel established a Smart Supervision Leading Group, chaired jointly by the Party Secretary, Chairman, and General Manager, to coordinate and advance integrity risk prevention and control as well as supervision work. By leveraging policy synergy and digital means, the Group enhances supervision effectiveness, ensuring that relevant measures are effectively implemented and yield tangible results across all levels.

Baosteel continues to deepen the dynamic management of integrity risks, urging all units to fully utilize the outcomes of dynamic integrity risk assessments, improve integrity risk archives, and conduct "Three Lectures on Integrity" in a layered and classified manner. Furthermore, integrity risk points and preventive measures for sensitive posts are incorporated into job descriptions, ensuring that integrity risk prevention requirements are implemented in specific posts and business processes. The Company simultaneously strengthened the dynamic identification and analysis of integrity risks, clearly defined 107 key risk points for control, focused on 395 individuals in sensitive positions, and facilitated 40 instances of cross-movement among personnel in such roles, thereby effectively preventing the accumulation of integrity risks.

Conduct Special Governance of Integrity Risks Based on the Smart Supervision Platform

In 2025, the Discipline Inspection Commission of Baosteel, in conjunction with the special rectification work implementing the spirit of the Central Eight-point Regulation, leveraged its professional supervision team, financial data analysis capabilities, and intelligent supervision platform to establish a multi-level supervision and inspection mechanism. Through a combination of self-inspection by units, mutual inspection by collaborative groups, and penetrating inspections by the Company's inspection team, it conducted supervision and inspections on 15 second- and third-tier units, systematically identifying and revealing integrity risks existing within expense management.

During the Reporting Period, the Company conducted risk assessments focusing on key areas such as expense management and business entertainment. Irregularities were systematically identified and rectified, prompting responsible units to implement corrective measures and refine management processes. This initiative further strengthened the rigidity of policy enforcement and mitigated the recurrence of similar risks. On this basis, the Company has collaborated with the Data AI Department to explore the construction of an AI agent for application in special supervision, promoting a shift in the supervision model from post-event inspection to pre-event warning, thereby continuously enhancing the proactivity and effectiveness of integrity risk prevention and control.

During the Reporting Period

No
corruption litigation cases were recorded by Baosteel



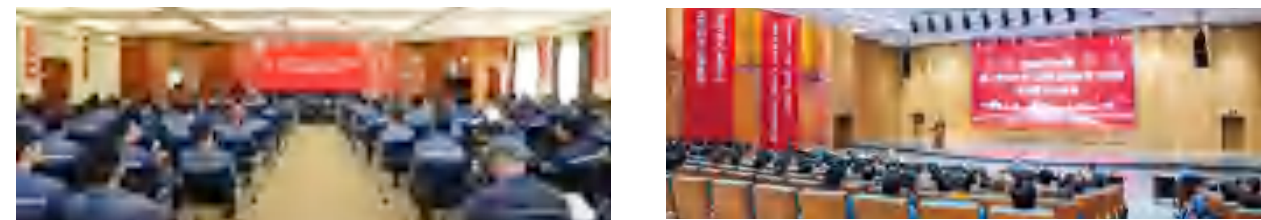
Construction of Integrity Culture

Baosteel has systematically formulated and implemented policy documents, including the *Implementation Measures for Strengthening the Integrity Culture Building in the New Era*, to consolidate the foundation of lawful and compliant operations and clean governance. It continues to deepen the construction of integrity culture, striving to create a cultural atmosphere that upholds integrity and purity. During the current year, Baosteel revised the employee cultural awareness manual titled *Knowledge and Action for Baosteel's Personnel*, incorporating a special section on 'Integrity as the Foundation and Clean Governance as the Root'. This initiative guides all employees to consciously practice clean governance concepts and effectively integrate compliance requirements into their daily codes of conduct.

The Baosteel system has implemented a tiered and classified integrity education program centered on anti-corruption laws and regulations, anti-bribery management policies, and typical cases, thereby continuously deepening the compliance awareness of all employees. Regularly organize board members, management, all employees, and external partners (including distributors and suppliers) to participate in anti-corruption thematic training, thereby promoting the deep integration of integrity culture into the corporate governance system, job responsibilities, and the entire process of daily operation and management, injecting endogenous momentum into governance operations. During the Reporting Period, anti-bribery and anti-corruption training achieved 100% coverage of all employees and management, effectively strengthening the foundation for integrity in professional conduct and providing a solid guarantee for the Company's high-quality development.



Integrity promotion and training activities



Integrity Training

Whistleblowing and Investigation

Baosteel continues to refine its compliance supervision mechanism by systematically formulating and implementing the *Compliance Whistleblowing and Investigation Management Standard*. This standard governs the entire process of reporting acceptance, investigation and disposal, as well as rectification and implementation, ensuring that relevant matters are handled efficiently in accordance with laws and regulations. We respect the legitimate rights and interests of whistleblowers and persons under investigation. We conduct objective, fair, and timely investigations into reported leads and implement appropriate corrective measures based on the findings, including policy clarification, specialized training, process optimization, and necessary disciplinary action. Whistleblowers may report potential, suspected, or actual violations of the Company's guidelines and disciplinary breaches through written channels, on-site reporting, or other means, either in their own name or anonymously. During the Reporting Period, Baosteel received three compliance reports, all of which have been concluded in accordance with the law, thereby effectively strengthening the efficiency of closed-loop supervision management.

Baosteel Compliance and Petition Reporting Channels

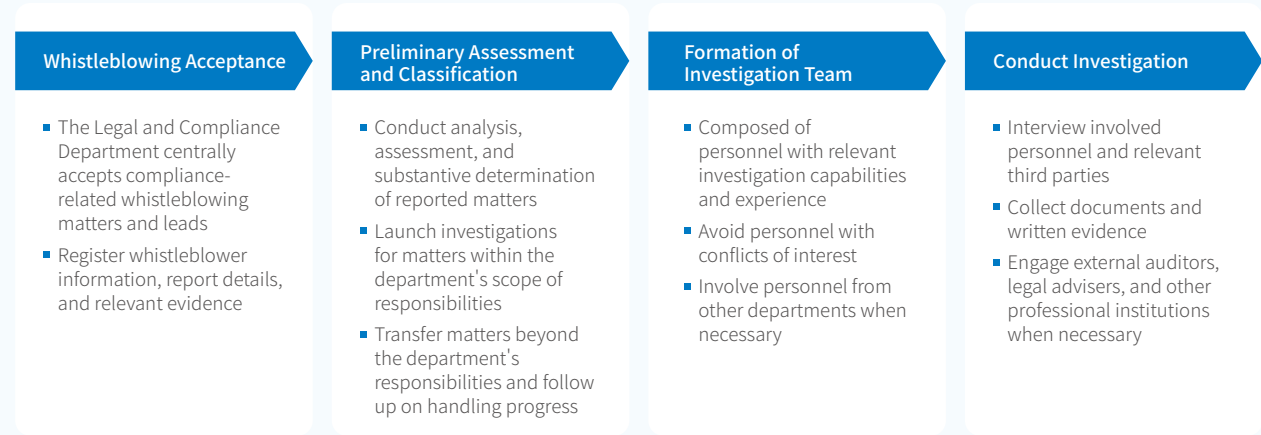
Correspondence Address:
Legal and Compliance Department, Command Center, No. 885 Fujin Road, Baoshan District, Shanghai (Postcode: 201999)

Email: compliance@baosteel.com

Correspondence Address:
Discipline Inspection Commission, Command Center, No. 885 Fujin Road, Baoshan District, Shanghai (Postcode: 201900)

Unified Reporting Hotline for the Discipline Inspection and Supervision System:12388

The Baosteel system establishes a unified process for the acceptance of reports and the investigation and disposal thereof. Report information is subject to standardized registration and professional assessment, and investigations are organized or matters are referred to relevant functional departments for disposal in accordance with applicable laws and regulations, depending on the nature of the issue. During the investigation, strict adherence was maintained to the principles of objectivity and impartiality. A professional investigation team, possessing requisite qualifications and free from conflicts of interest, was established. Where necessary, external professional bodies were engaged to assist in the handling of matters. Wherever non-compliance is confirmed upon verification, the relevant entities shall be ordered to rectify within a specified timeframe, and corresponding disciplinary measures shall be imposed on responsible personnel in accordance with Company policies. Where suspected illegal activities are involved, the matter shall be transferred to the relevant law enforcement authorities in accordance with the law, while timely feedback regarding the progress of handling shall be provided to the whistleblower to ensure full-process closed-loop management of the reporting matter.



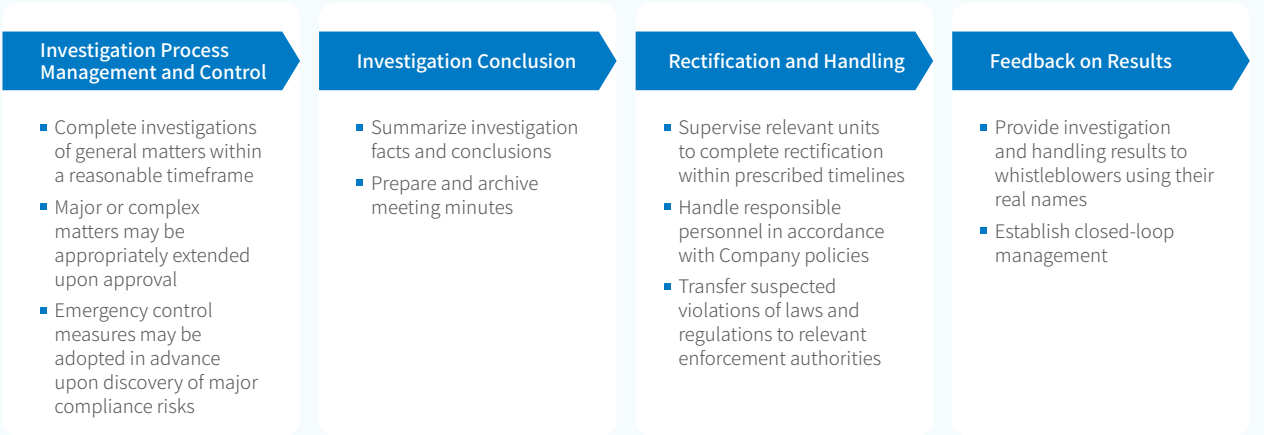
Process for Receiving Whistleblowing Reports and Handling Related Incidents

Baosteel attaches great importance to the protection of whistleblowers' rights and strictly enforces the confidentiality policy regarding whistleblower information. Personal information of both anonymous and identified whistleblowers is comprehensively protected in accordance with the law. The processes for the circulation and management of whistleblower materials are standardized, the scope of knowledge is strictly limited, and risks of information leakage are rigorously prevented. The Company explicitly prohibits any form of retaliation and ensures the protection of whistleblowers' personal safety, career development, and other legitimate rights and interests from infringement. In respect of responsible parties who implement retaliatory acts, strict disciplinary action shall be taken in accordance with Company policy, up to and including termination of employment. Concurrently, the Company adheres to the principle of seeking truth from facts and strictly prohibits malicious reporting, distortion of facts, or false accusations. For verified whistleblowing matters that have resulted in significant losses being recovered or avoided for the Company, material rewards or honorary recognition shall be granted in accordance with relevant policies. The personal information of the whistleblower shall be kept strictly confidential and shall not be disclosed without their written consent. A secure and trustworthy whistleblowing ecosystem and policy framework shall be systematically established.

Audit and Supervision

Baosteel strictly complies with the *Audit Law of the People's Republic of China* and other relevant laws and regulations. It continuously improves its audit and supervision policy framework by formulating and implementing internal norms such as the *Measures for Internal Supervision Consultation of Baosteel*, the *Internal Audit System*, and the *Implementation Rules for Handling Violations*. Through multiple approaches including audit, disciplinary inspection, inspection tours, and internal control, high-risk commercial activities and operational processes are systematically identified to ensure that the Company's business operations are conducted in accordance with the law. The Company conducts regular third-party business ethics audits covering all business and operational departments. In principle, such audits are implemented at least once every three years, with the frequency appropriately increased in accordance with actual business requirements.

Baosteel has established the Legal and Compliance Department as the centralized department for compliance management to coordinate the construction of the compliance management system and provide professional support for the Company's standardized operations. Building upon the foundation of routine internal audits, we have conducted a dedicated social responsibility audit in alignment with the requirements of the Responsible Business Alliance (RBA). This process incorporates ESG elements such as business ethics, occupational health and safety, and labor rights into the scope of internal auditing to ensure the effective implementation of sustainability-related policies within daily management operations.



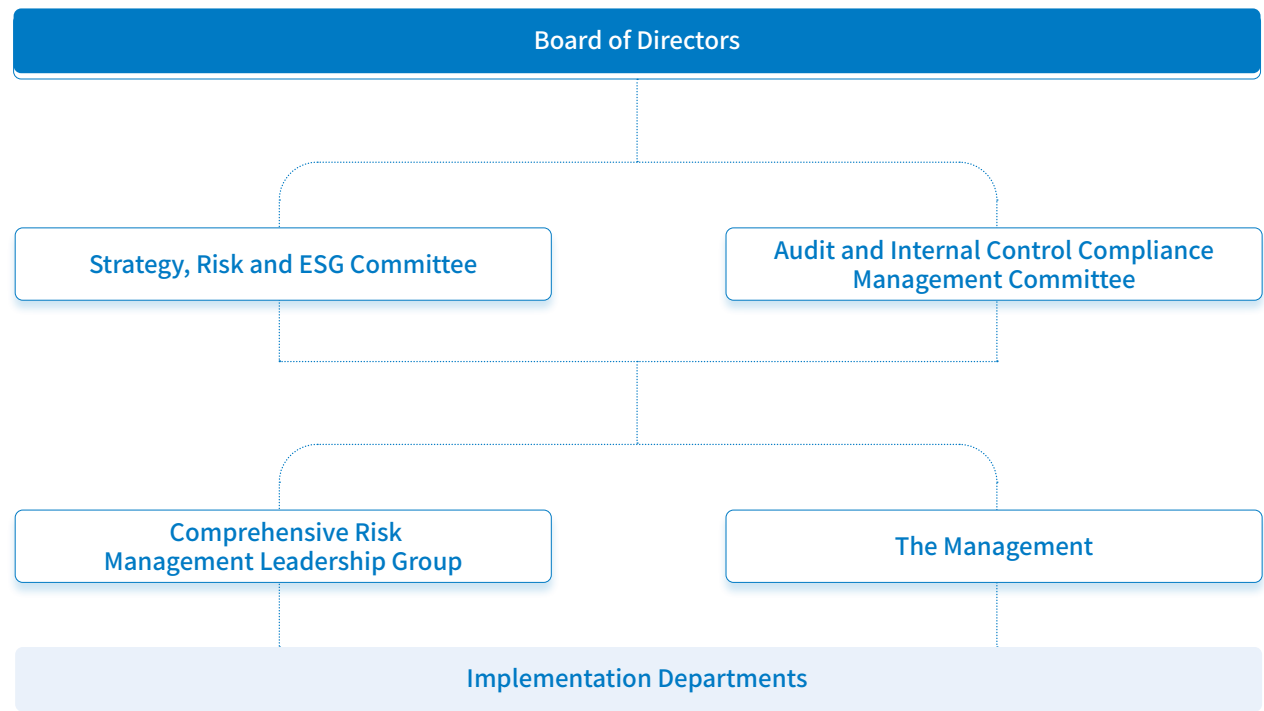
Risk Management

Baosteel has established a comprehensive risk management policy framework and continues to deepen the construction of policy standards. It has formulated and implemented core normative documents such as the *Comprehensive Risk Management Policy* and the *Key Risk Management Measures*. During the Reporting Period, it completed the revision of the *Standards for Comprehensive Risk Management Evaluation and Reporting Requirements*, further clarifying general risk assessment methodologies and optimizing the unified assessment framework for compliance risks and business risks. By systematically identifying potential risks within business processes, Baosteel has deeply applied the assessment results to key areas including focused risk control, business process optimization, and policy and process design. This approach continuously strengthens the capability for risk control of critical activities, comprehensively enhances risk governance effectiveness and risk mitigation levels, and effectively safeguards the Company's operational security and sustainable development.

Risk Governance and Control System

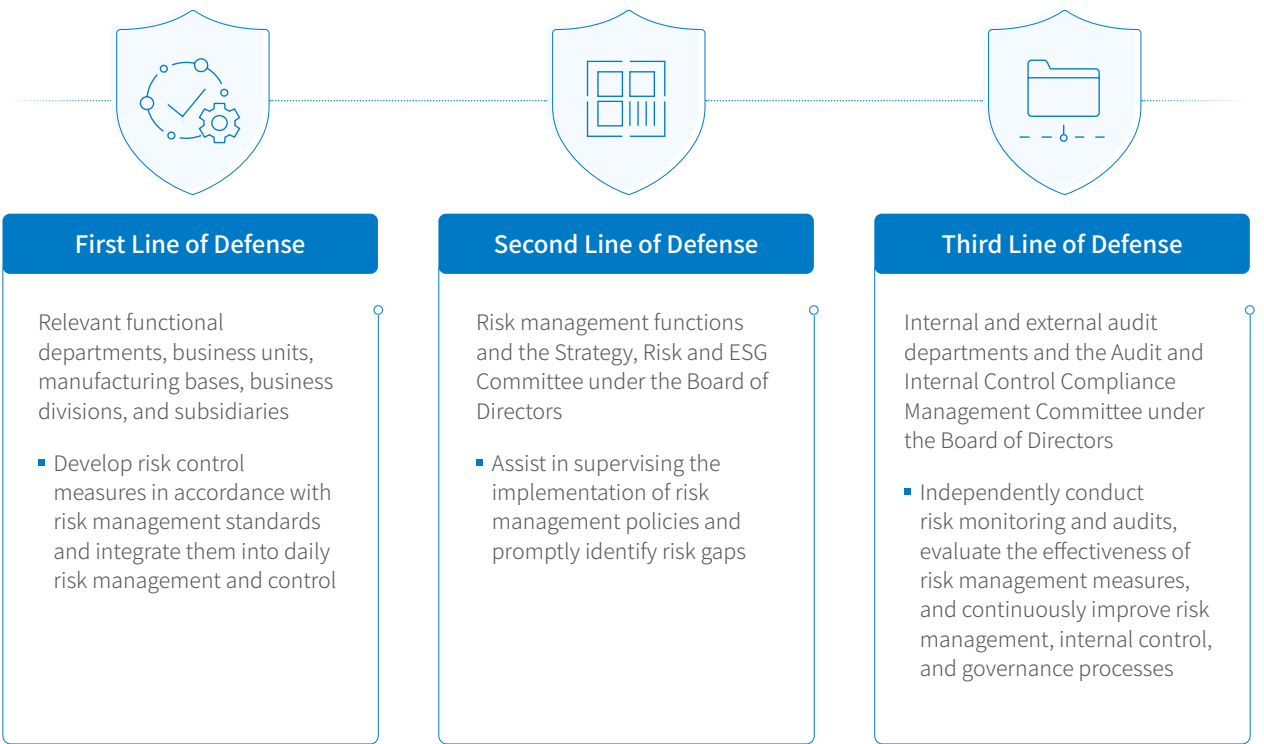
Baosteel has continued to consolidate its foundation for stable operations and systematically strengthened its capacity for systemic risk prevention and control. By optimizing the risk governance system, it has further clarified the responsibilities of the governance layer in "formulating strategy, making decisions, and preventing risks", reinforced the Board's coordinating function in risk governance, and improved the pre-decision communication and research mechanism for major investment projects and significant decisions. This has promoted whole-process management of major investments and major risks, encompassing prior participation, in-process monitoring, and post-event evaluation, thereby effectively enhancing the operational efficiency of the risk management system.

The Baosteel Strategy, Risk and ESG Committee, as the highest governing body for the Company's comprehensive risk management, reviews the effectiveness of controls over significant risks across the Company, coordinates risk management activities, and assumes responsibility for improving and enhancing the capability of the Company's risk management system. The Audit, Internal Control and Compliance Management Committee of Baosteel bears the ultimate responsibility for supervision and audit of risk management performance during operations. Through the independent implementation of annual audit projects and internal control evaluations, it conducts inspections and supervision over the execution of risk management measures and the effectiveness of related work.

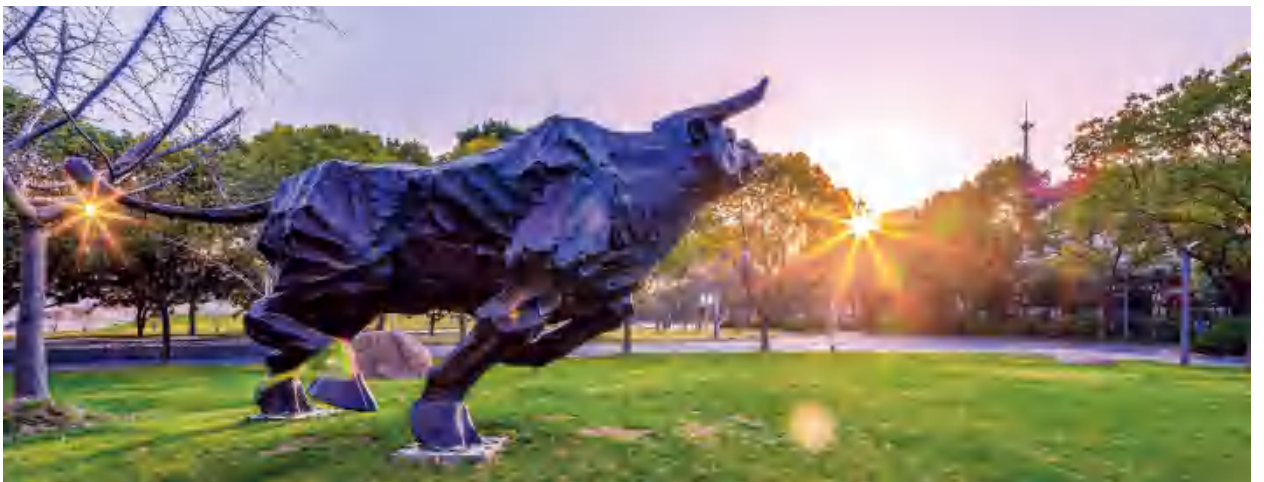


Risk Management and Control

Baosteel has always adhered to the bottom-line thinking and red-line awareness, firmly implementing the core risk management principles of honesty and integrity, prudence and stability, compliance with laws and regulations, and upholding correctness while pursuing innovation. Strictly adhering to the *Comprehensive Risk and Internal Control Management System* issued by China Baowu, we have deeply implemented the risk management principles of "integrating into business operations, entering processes, and exerting influence". By systematically integrating the COSO Enterprise Risk Management Framework with the ISO 31000 International Standard, we continue to build a scientific and comprehensive risk management system. By fully leveraging the synergistic effect of the three lines of defense in risk management, we have prioritized the enhancement of risk control mechanisms in key areas such as major investments and compliant operations. We have deepened risk awareness and professional capability building among all staff to effectively solidify the foundation for the Company's sound operation and sustainable development.



Baosteel's Three Lines of Defense



Management of Significant Risks and Emerging Risks

Baosteel has systematically established a project-based risk governance mechanism to address various risks that may significantly impact the achievement of operational objectives. This involves in-depth analysis of the mechanisms underlying risk formation and the formulation of scientific response strategies. Concurrently, a risk early warning model and corresponding disposal plans have been established. By effectively implementing measures for risk control, transfer, mitigation, and resolution, the Company continuously enhances its overall capacity for risk prevention and response, thereby ensuring the steady attainment of strategic objectives.

Against the backdrop of accelerating changes in the global economy, society and environment, risk types are exhibiting characteristics of diversification and complexity. To enhance the systematic and forward-looking nature of risk identification and response, the Company conducts quarterly risk identification and assessment exercises covering key risk areas including strategy and investment, finance and operations, finance and mergers and acquisitions, legal and regulatory matters, public opinion and stability, and safety and environmental protection. A comprehensive management mechanism spanning the entire process of emerging risk identification, assessment, response, and supervision has been established to ensure that potential risks are identified promptly and effectively managed. In 2025, the Company assessed the impact and likelihood of various potential risks, identifying a total of 15 significant annual corporate risks. The assessment indicates that the Company should prioritize three emerging risks: (1) the risk of reshaping the steel value chain driven by low-carbon transition; (2) the risk of global supply chain reconfiguration triggered by geopolitical shifts and the restructuring of the trade system; and (3) the systemic operational and security risks arising from the deepening application of industrial digitalization and artificial intelligence. Appropriate mitigation measures have been formulated.

Concurrently, the Company integrates ESG-related risks, including climate change, research and development innovation, environmental compliance, and labor management, into its existing risk control system for coordinated management. While strengthening risk prevention and control, the Company actively fulfils its social responsibility as a central enterprise, promoting robust and sustainable development.



Baosteel Risk Management Process

Risk Category	Risk Name	Impact on Our Business	Response Strategies
Emerging Risks	Risks of Reshaping the Steel Value Chain Driven by Low-Carbon Transition	- The global progress towards carbon neutrality and the evolution of carbon pricing mechanisms may reshape the cost structure and competitive logic of products within the steel industry. - The accelerated implementation of the "Dual Carbon" strategy has created barriers to market entry. Downstream customers impose rigid constraints on product carbon footprint accounting, the proportion of scrap steel usage, consumption of green electricity, and the application of low-carbon processes in light of increasingly stringent compliance requirements. Such requirements directly elevate corporate costs, involving substantial investments in production process modification, green certification, and supply chain restructuring, thereby exerting material pressure on operational performance. - The uncertainty regarding the commercialization pace of low-carbon technologies, green energy supply, and carbon cost mechanisms may affect the Company's asset allocation efficiency and long-term investment return expectations.	- Optimization of carbon asset management: Monitor international carbon pricing mechanisms, establish an internal carbon accounting system, prioritize investment in mature low-carbon technologies (such as carbon capture), and develop low-carbon steel grades and carbon-labelled products to adapt to the restructuring of cost structures and avoid weakening market competitiveness. - Strengthen green supply chain collaboration: jointly establish unified carbon footprint standards with customers and simultaneously advance short-process technology upgrades to systematically reduce compliance cost pressures and enhance product resilience. - Implementation of flexible investment management: Adopting a phased investment model focusing on high-maturity low-carbon pathways (such as green hydrogen steelmaking), complemented by diversified energy procurement and carbon finance instruments, with dynamic calibration of asset allocation to ensure stable long-term returns. - Proactively addressing green trade barriers: In a scenario of deglobalization, green trade barriers have become an alternative instrument to tariffs. By adopting proactive measures and employing a multi-layered, progressive combination strategy involving deconstruction, response, resolution, and breakthrough, we shall strengthen international cooperation and exchange within the green supply chain, actively expand innovative practices, achieve alignment and mutual recognition between domestic and international rules, transform predicaments into opportunities, and convert disadvantages into advantages.
	Risks of global supply chain reconfiguration triggered by the restructuring of geopolitical dynamics and trade systems	- A sudden shift in global trade policies has precipitated a crisis of supply chain compliance. Changes in export controls, product licensing policies and regional trade rules may affect cross-border trade arrangements and market access conditions for certain products. In accordance with relevant national trade management arrangements, a licensing system for the export of certain steel products shall be implemented from 2026. This will impose higher compliance thresholds and approval requirements on export operations, potentially constraining cross-border trade arrangements, order delivery cycles, and market access. Furthermore, within the context of multi-stage supply chain coordination, it necessitates enhanced compliance management and operational coordination capabilities from enterprises. - Adjustments in the global trade landscape and changes in shipping policies may lead to instability in international logistics channels, fluctuations in transportation cycles, and increased shipping costs, which will have an impact on the Company's export delivery schedule and supply chain efficiency. - The restructuring of the global steel supply-demand landscape and competitive structure may impact the Company's overseas market layout and the pace of its international business expansion. - The trend towards regionalization of the supply chain is intensifying, imposing higher requirements on the Company's global collaborative operational capabilities.	- Establish an agile supply chain: diversify raw material procurement channels and evaluate alternative material solutions. - Strengthen supply chain compliance monitoring: Deploy a digital traceability system in collaboration with multi-tier suppliers to achieve real-time tracking of ingredients and processes, proactively adapt to new export control regulations and licensing requirements, and mitigate the risk of compliance crises. - Dynamically optimize the layout of global markets and shipping routes, establish a multi-port and multi-route transport combination, and mitigate risks associated with reliance on a single path. Establish a regional collaborative network: integrate regional supply chain hubs, optimize logistics and inventory management, enhance cross-regional operational efficiency through digital platforms, and ensure global collaborative capabilities align with regionalization trends. - Strengthen strategic cooperation with core shipping enterprises and international logistics partners to enhance international transport assurance capabilities and emergency allocation capabilities.
	Systemic operational and security risks arising from the deepening application of industrial digitalization and artificial intelligence	- The reliance of key production systems on digital infrastructure, data continuity, and the cybersecurity environment has increased significantly; potential technical risks may compromise the stability of continuous production. - The stability of core information systems, data integrity, or cybersecurity protection capabilities may face challenges in complex scenarios, potentially exerting a systemic impact on business synergy and on-site safety management. - The technical pathways under highly automated and intelligent operating models remain subject to uncertainty, which may alter the Company's long-term operating model and risk profile. - The composite security risks arising from emerging digital technologies, such as model poisoning and hallucinations, privacy breaches, and unauthorized execution, may impose higher requirements on the Company's overall risk management framework.	- Construction of a high-resilience digital infrastructure: Deployment of redundant systems and real-time monitoring platforms to strengthen network security protection and data backup mechanisms, ensuring that production continuity remains uninterrupted. - Strengthen the stability and security baseline of systems: Implement data integrity verification and regular security drills to enhance the risk resilience of core information systems in complex scenarios. - Implementation of a phased technical management pathway: adoption of a "pilot-iteration" model to introduce intelligent technologies, prioritising the deployment of mature solutions (such as AI-driven predictive maintenance), with dynamic optimization of operational models. - Enhancement of the composite risk management system: Integration of cybersecurity and business continuity management frameworks, strengthened risk assessment and governance regarding AI and large model applications, reinforced cross-departmental collaboration and employee skills development to address emerging technology risks.

2025 Baosteel: Key Emerging Risks and Mitigation Strategies

Risk Audit and Oversight

A special audit was conducted on the identification and assessment of implementation risks within the Baosteel system. Risks and potential hazards were dynamically investigated to drive closed-loop rectification, thereby continuously enhancing the proactivity and initiative of risk governance. In 2025, the Company focused on core areas such as trade compliance and tax management, conducted multiple rounds of internal risk assessments and audits, and deepened the breadth of risk identification coverage and the precision of control execution. By strengthening the prevention and control mechanism for operational risk events to ensure early identification, bold disclosure, early prevention, and rapid disposal, the primary responsibility for risk management and the supervisory responsibility are firmly consolidated. This effectively safeguards the Company's stable operations and precludes the occurrence of major risk events.

Concurrently, the Company strictly conducts external compliance audits in accordance with stakeholder requirements (including Responsible Business Alliance (RBA) audits), comprehensively covering dimensions such as labor rights, occupational health and safety, environmental protection, business ethics (including responsible minerals management), and governance systems. This approach promotes the deep synergy between risk management practices and sustainable development requirements, continuously enhancing the global level of compliant operations.

Risk Management Culture

Baosteel attaches great importance to the construction of a risk culture and continues to promote the systematic integration and widespread acceptance of risk management concepts within the Company. The Company has formulated and implemented policies including the *Comprehensive Risk Management Measures*, the *Performance Management Measures for Senior Management Personnel of Baosteel*, and the *Management Measures for Hazard Source Identification, Occupational Health and Safety Risk and Opportunity Assessment and Response*. During the processes of new product development and the establishment of new commercial partnerships, key factors such as financial risk, regulatory risk, and operational risk have been incorporated into a comprehensive assessment. Concurrently, risk management-related indicators have been incorporated into the performance appraisal system for senior executives. Equity incentives are granted to senior executives who have made significant contributions to risk identification and management, thereby continuously strengthening the long-term improvement mechanism for risk management capabilities.

The Company annually organizes training for directors arranged by regulatory authorities, including training on the duties of independent directors and subsequent specialized training. The training content covers legal liabilities in the performance of director duties, internal control of listed companies, interpretation of regulatory policies, and case studies of typical disciplinary actions, thereby continuously enhancing risk awareness and risk identification capabilities at the director level. During the Reporting Period, a total of 21 non-executive director attendances were recorded for internal training sessions. Concurrently, the Company's risk management responsibility departments continuously monitor changes in emerging laws, regulations and supervisory policies. An annual specialized training session on risk management principles is conducted for all employees to ensure that business operations comply with applicable laws and regulations, and to maintain overall risk levels within acceptable limits.

Corporate Risk Culture Training

The Company has long attached great importance to the cultivation of a risk management culture and the prevention and control of risks in overseas operations. In 2025, it organized thematic training on overseas risk management, focusing on key areas such as investment and construction operational risks in Saudi Arabia and overseas trade risks. This initiative further enhanced the risk management awareness and professional capabilities of personnel involved in overseas businesses and projects, strengthened practical skills in preventing and controlling overseas business risks, and provided solid support for the stable operation and risk prevention and disposal of the Company's overseas businesses.



Information Security

Baosteel regards network and data security as the core cornerstone underpinning its robust operations and digital transformation. Through measures such as systematically perfecting the information security policy framework, strengthening technical protection capabilities, improving emergency response mechanisms, and enhancing risk prevention and control for artificial intelligence applications, it has comprehensively elevated the level of information security governance. In strict compliance with the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, and other applicable laws and regulations, Baosteel has formulated and implemented a comprehensive information security policy system covering all employees. This system includes normative documents such as the *Information System and Network Security Management Standards*, the *Information System Asset Identification, Risk evaluation and Control Management Measures*. The Company continues to strengthen the foundation of information network security to ensure that digital development remains secure and controllable. During the Reporting Period, Baosteel completed the revision of the *Management Measures for Big Data System Construction and Governance* and newly formulated the *Guidelines on Compliance with Cyber Security and Data Governance*, thereby further optimizing the institutional framework for data security and network governance and effectively strengthening risk prevention and control capabilities in the process of digital transformation.

Network and Information Security Management System

In 2025, Baosteel focused on regulatory requirements concerning cybersecurity, data security, and the protection of personal information. The Company completed a systematic revision of the *Management Measures for Big Data System Construction and Governance* and formulated and issued the *Guidelines on Compliance with Cyber Security and Data Governance*, thereby effectively strengthening institutional constraints and operational standards in the field of security compliance. This Guideline is grounded in a comprehensive data lifecycle management framework. It establishes standards for the classification and grading of data control, regulates operational requirements across the entire process including data collection, transmission, storage, usage, cross-border transfer, and destruction. It further strengthens management rules for key links such as the processing of sensitive personal information, external provision, and cross-border transmission. In full compliance with applicable laws, it comprehensively safeguards the rights and interests of data subjects while continuously enhancing the standardisation and compliance levels of the Company's data governance.

Baosteel strictly adheres to normative documents such as the *Notice on Adjusting the Members, Duties, and Work Responsibility Mechanism of the Company's Network and Information Security Leading Group* and the *Work on Strengthening the Information Network Security of Baosteel*. A hierarchical information security management architecture has been systematically established to clearly define the responsibility boundaries of all units, departments and subsidiaries, ensuring that information security and privacy protection measures are effectively implemented. We have established a Network and Information Security Leadership Group led by the Company's management. This Group is responsible for the systematic review of information security policies, strategies, plans, and key annual priorities; it coordinates the handling of major matters and organizes responses to significant cybersecurity incidents. The Data AI Department serves as the standing working body of the Leadership Group, assuming full primary responsibility for the daily operations and management of network security, host security, and data security, thereby ensuring the business continuity and the secure and steady advancement of digital transformation.

The Baosteel system has established an information security liaison and incident reporting mechanism covering all headquarters departments and subsidiaries. Through multi-dimensional channels including dedicated telephone lines, the enterprise-level instant messaging platform "Baowu WeChat" working groups, and the network security management system, immediate reporting and dynamic monitoring of cyber-attacks, system failures, and potential security risks are achieved. In response to typical security risks such as phishing emails, a three-tiered response mechanism comprising "employees – information security liaisons – special task forces" has been established. This ensures the immediate reporting of risk leads, their progressive escalation, professional handling, and closed-loop rectification. Consequently, robust protective barriers for customer and personal information are firmly fortified, while the efficiency and quality of responses to and disposal of cybersecurity incidents are continuously enhanced.

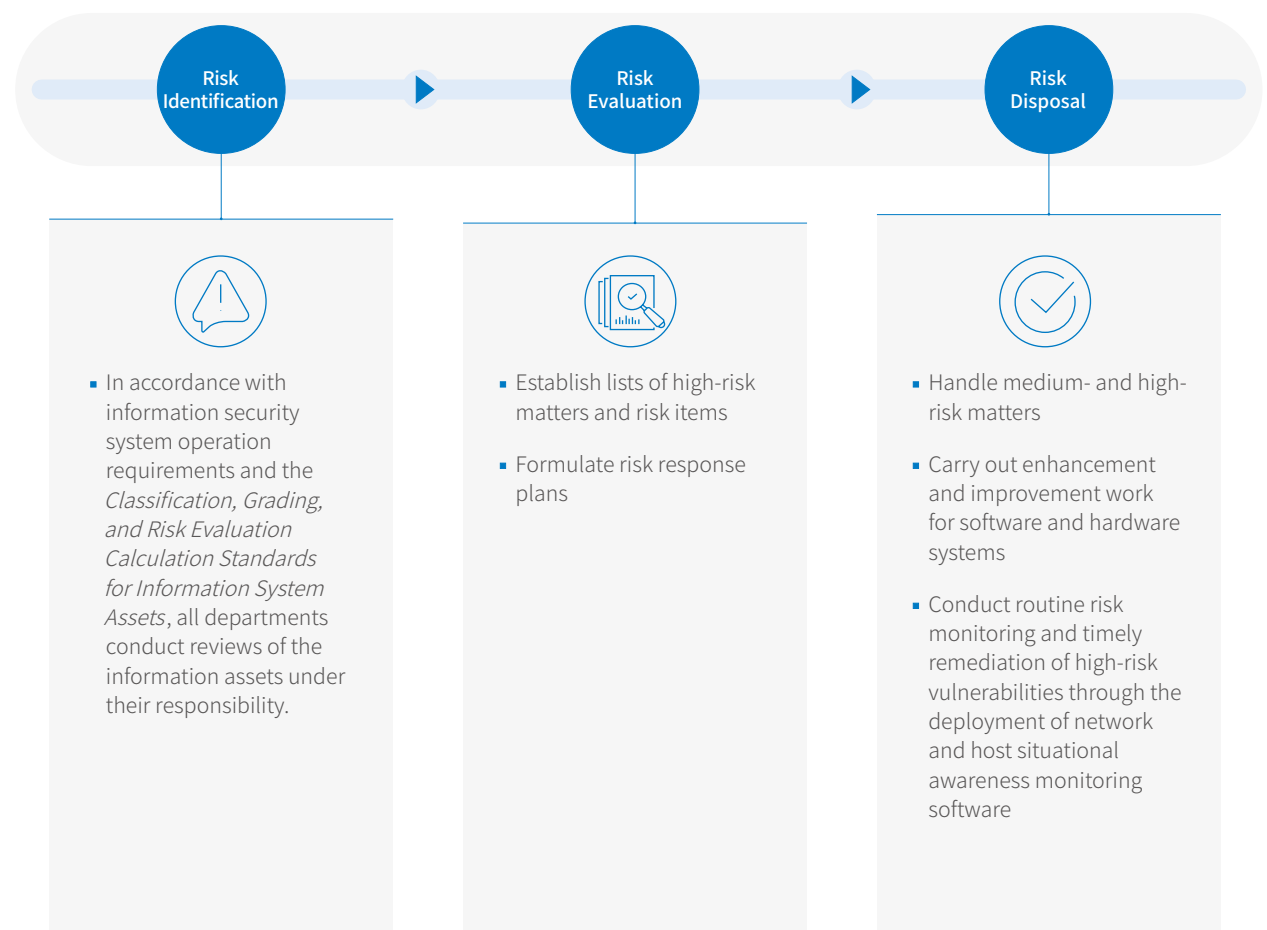
As of the end of the Reporting Period

no information security breach occurred at Baosteel, and **no** adverse impact was caused to customers or employees due to any information leakage.

Network and Information Security Risk Management

In accordance with the closed-loop management requirements for risk identification, assessment and disposal, Baosteel has systematically established a network and information security risk governance framework. It continuously optimizes the end-to-end risk management mechanism covering pre-event prevention, in-process response and post-event improvement, focusing on enhancing capabilities for visual monitoring, collaborative disposal and forward-looking prevention of information security risks to construct a robust barrier for the Company's digital operations and business continuity.

Guided by the core principles of "controllable authority, visible risk, and traceable disposal", the Company has systematically advanced the upgrade of its cybersecurity framework. Relying on the situational awareness platform, routine monitoring is conducted on key system hosts and the information backbone network. Concurrently, the coverage of monitoring probes is continuously expanded through information system transformation and cloud resource deployment, achieving dynamic monitoring of major network zones and core information systems. Through a dual-track mechanism comprising rule engines and manual analysis, continuous monitoring is implemented regarding system vulnerabilities, weak passwords, abnormal access, and behaviors. Monthly, quarterly, and annual risk analysis reports are regularly generated and incorporated into closed-loop management processes. The Company annually organizes red team penetration testing, implementing deep penetration assessments across key network zones. Remediation measures are implemented in a graded manner based on business impact levels to ensure precise and efficient risk response. Concurrently, a risk early warning linkage mechanism has been established through group-level and national threat intelligence platforms to continuously strengthen external threat identification and collaborative defense capabilities, thereby effectively reinforcing the cybersecurity defense line.



Identification, Evaluation And Disposal Of Information Security Risks

Baosteel has refined its emergency management system for information security and data security by establishing a scientific incident classification and response mechanism, clarifying job responsibilities and divisions of labor, and optimizing internal reporting and decision-making processes. This has significantly enhanced the efficiency of responding to sudden security incidents and the capability for cross-departmental collaborative handling. In respect of historical legacy system security risks, the Company has coordinated and advanced the system transformation and cloud platform migration projects. Unified secure access management was implemented, real-time monitoring capabilities were strengthened, and permission control strategies were refined, thereby effectively reducing the risk exposure of existing systems. Concurrently, the Company continues to deepen the construction of its disaster recovery system, regularly conducts full-scenario emergency drills, and performs practical verification of the disaster recovery switching procedures for core business systems. This ensures the continuity of critical operations in the event of emergencies, thereby effectively safeguarding the steady achievement of the Company's strategic objectives and operational security.

In response to the deep application and large-scale deployment of artificial intelligence technologies in production and operation scenarios, Baosteel has systematically established an artificial intelligence security risk governance framework. A comprehensive full-lifecycle security control mechanism has been put in place, covering project initiation assessment, development verification, go-live review, operational monitoring, and evaluation for exit, thereby ensuring the security, reliability, and compliance of artificial intelligence applications.



Security Management Process For The Full Lifecycle Of AI Applications

Certification of the Information Security System

We continue to advance the construction of the information security and data governance system, actively carry out authoritative certification and capability assessment, and ensure that the information security system operates in a stable and standardized manner. In 2025, the information security management systems of the Company's headquarters and the Baoshan, Dongshan, Meishan, and Qingshan bases all obtained ISO/IEC 27001 certification. The scope of certification covers core production systems, business management systems, and related information infrastructure, providing a unified security management support for multi-base collaborative operations and digital transformation. In terms of data governance, the Company has achieved Level 4 in data security capabilities through the DCMM⁴ assessment organized by the China Academy of Information and Communications Technology. This indicates that the Company has established a relatively mature and sustainable governance capability regarding the construction of data security policies, technical protection, and operational management.



⁴ DCMM is the Data Capability Maturity Model published by the China Academy of Information and Communications Technology (CAICT), serving as a key authoritative assessment framework for evaluating enterprise data governance and data security management capabilities.

Network and Information Security Training

Baosteel has deepened the culture of network and information security by establishing a routine mechanism for information security and privacy protection training and assessment, thereby continuously enhancing all staff's awareness of information security and their risk protection capabilities. The Company regularly organizes and conducts comprehensive information security training and assessments covering all employees at each of its bases annually, thereby ensuring that information security requirements are deeply integrated into daily operations and the practical performance of job responsibilities.



Privacy Protection

Baosteel has refined its personal information and privacy protection compliance management system and comprehensively strengthened the security protection mechanism for the entire lifecycle of personal information. At the level of policy formulation, the Company has formulated and implemented the *BGFS-04-01-B07 Standard for the Management of Labor Employment Risk Prevention*. This standard scientifically defines classification management criteria for personal information, mechanisms for data access control, and boundaries regarding the collection and use of employees' personal information. Consequently, all activities involving the processing of personal information are ensured to strictly comply with legal and regulatory requirements, including the *Personal Information Protection Law of People's Republic of China*. Concurrently, the Company has implemented technical protective measures, including encryption of key fields and dynamic masking for display, within core human resource systems such as BWHR. A prominent privacy notification prompt has been established on the system login interface to effectively enhance compliance and security in personal information processing, while continuously optimizing the efficacy of privacy protection governance.

We strictly adhere to the requirements of cybersecurity and data governance regulations. We have systematically perfected the policy framework and technical protective measures for customer and personal privacy protection, deeply integrating privacy protection requirements into every aspect of data lifecycle management and information system operations. The Company has established three core principles governing the processing of personal information: lawfulness, minimality, and security. Unified compliance standards have been formulated for the entire lifecycle of sensitive personal information, encompassing its collection, use, storage, sharing, and deletion. Furthermore, comprehensive technical protective measures, including data masking, encrypted transmission, and secure storage, have been deployed across all systems and business scenarios involving customer and employee data to effectively mitigate the risk of data leakage. Concurrently, the Company has prudently explored the application of frontier technologies such as privacy computing in cross-departmental data collaboration, subject to the assurance of safety and compliance. This provides a robust technical foundation for secure data sharing and value extraction, while continuously enhancing the level of privacy protection governance.



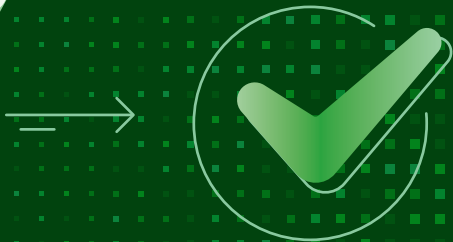
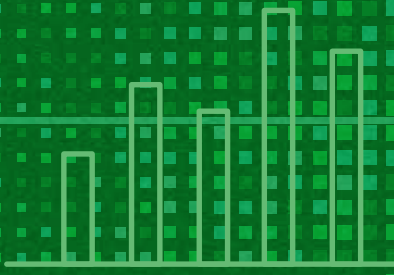
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Environmental



Environmental protection is the foundation of sustainable development for enterprises and a solemn commitment by Baosteel in fulfilling its social responsibilities. We consistently place environmental protection at the core of our strategy, coordinating measures to address climate risks, enhance energy efficiency and optimize structure, ensure compliant discharge of pollutants, promote resource recycling, and protect ecosystems. Guided by a sense of responsibility in our hearts and action in our deeds, we contribute Baosteel's strength to safeguarding green waters and lush mountains and building a beautiful China.

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 14 LIFE BELOW WATER
- 15 LIFE ON LAND



Respond to Climate Change

Addressing climate change has become a global consensus. As a leading enterprise in China's steel industry, Baosteel regards proactively addressing climate change as an inescapable responsibility and a key opportunity for achieving high-quality development. In accordance with the *IFRS S2 Climate-related Disclosures of the International Sustainability Standards Board (ISSB)* and the *Guidelines No.14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies-Sustainability Report (Trial)*, we have comprehensively assessed climate-related risks and opportunities, established management strategies and action pathways, and remain steadfast in our pursuit of a carbon-neutral future.

Baosteel attaches great importance to the disclosure of climate-related information. The Company publishes a *Sustainability Report* annually, systematically disclosing its practices and progress across the four pillars of governance, strategy, risk management, and metrics and targets; concurrently, it publishes a *Climate Action Report* every three years, comprehensively disclosing the Company's climate strategy, initiatives, and outcomes. We actively implement external verification processes to ensure the authenticity, accuracy and transparency of information disclosure. Furthermore, we actively respond to external rating questionnaires, such as those for sustainability ratings, on an annual basis and continuously review and refine our management practices.



Governance

A sound governance system constitutes the fundamental guarantee for effectively addressing climate risks. Baosteel has established a climate change governance structure with clearly defined responsibilities and accountability at each level. Through the efficient collaboration and close coordination of the Strategy, Risk and ESG Committee, the Carbon Neutrality Committee and a Carbon Neutrality Office, the effective operation of the climate governance system is ensured.

We have established a regular reporting mechanism and provided climate-related thematic training to members of the Board and heads of functional departments closely related to sustainability matters through forms such as knowledge sharing by external experts. This ensures that relevant management personnel acquire the necessary professional expertise to effectively manage and supervise issues relating to climate change. Furthermore, to ensure the effective implementation of various measures, climate-related quantitative indicators have been incorporated into the performance appraisal framework for relevant management personnel, thereby incentivizing and recognizing their contributions to addressing climate change.



Strategy, Risk, and ESG Committee

(Led by the Chairman of the Board)

- Conducting research and putting forth suggestions for the Company's long-term strategy, material investment decisions, as well as the establishment and improvement of a comprehensive risk management system
- Assisting the Board to evaluate the Company's ESG-related performance and risks/opportunities, developing the Company's ESG-related systems, strategies and targets, organizing to deliberate the performance of ESG-related policies, monitoring and inspecting target progress
- Reviewing the climate change issues at least once a year



Carbon Neutrality Committee

(Chaired by the Chairman of the Board, with the General Manager and all leaders in charge served as committee member)

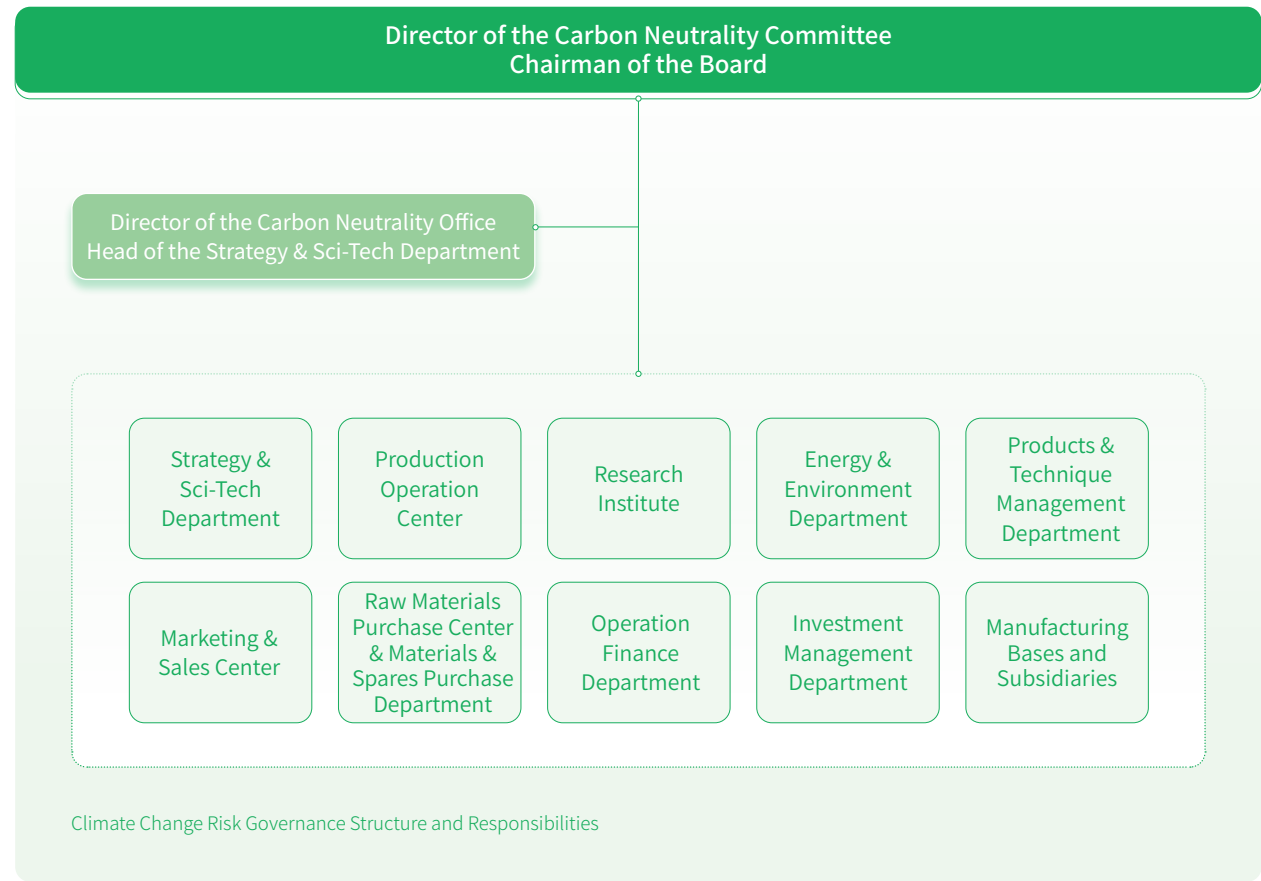
- Reviewing the Company's overall targets and plan in carbon emission reduction and carbon neutrality, studying and determining all major events in advancing carbon neutrality
- Reviewing and confirming Baosteel's key construction and R&D projects in carbon emission reduction and carbon neutrality
- Reviewing and approving the annual plan for carbon emission reduction and carbon neutrality
- Checking the progress of carbon neutrality and ensuring the delivery of tasks
- Coordinating internal and external resources to facilitate carbon neutrality



Carbon Neutrality Office

(Headed by the head of the Strategy & Sci-Tech Department, working collaboratively with relevant departments to implement initiatives)

- Studying, interpreting and promoting carbon emission reduction and carbon neutrality policies
- Developing and improving a carbon neutrality strategy
- Organizing and initiating major innovation projects in carbon emission reduction and carbon neutrality
- Quantifying GHG emissions, managing carbon assets
- Implementing the carbon neutrality management system
- Managing carbon neutrality exchanges and cooperation
- Holding regular working meetings



Strategy

Baosteel is committed to adopting scientific and systematic approaches to establish a climate change management strategy and to explore sustainable operating models that are more resilient and low-carbon. Based on an analysis of macroeconomic policies, industry trends and our own conditions, we forecast and assess climate-related risks and opportunities under various scenarios. We also regularly review and update our strategic objectives and pathways for climate change to effectively manage climate risks and capitalize on development opportunities.

Carbon Neutrality Strategic Goals

Baosteel has established medium- and long-term decarbonization targets in accordance with the carbon peaking and carbon neutrality goals set by China Baowu. These targets have been formulated by closely aligning with the Company's current business status and carbon reduction potential, while comprehensively considering the progress made in the research and development of low-carbon metallurgical technologies. Regarding 2020 as the baseline year, we aim to reduce carbon emissions by 8% by 2025, achieve a 30% reduction by 2035⁵, and strives to reach carbon neutrality by 2050. To ensure the implementation of targets, the contribution of strategic objectives at each stage of carbon reduction goals was decomposed, thereby establishing a closed-loop management system that is assessable, traceable, and achievable.

China Baowu's carbon neutral metallurgy mainly includes six aspects: ultimate energy efficiency, HyCROF, hydrogen-based shaft furnace, near-net-shape manufacturing, metallurgical resources recycling, and CO₂ recovery and utilization. The carbon neutral technology roadmap intensively integrates the six technological directions of China Baowu's carbon neutral metallurgy, including two main process paths.

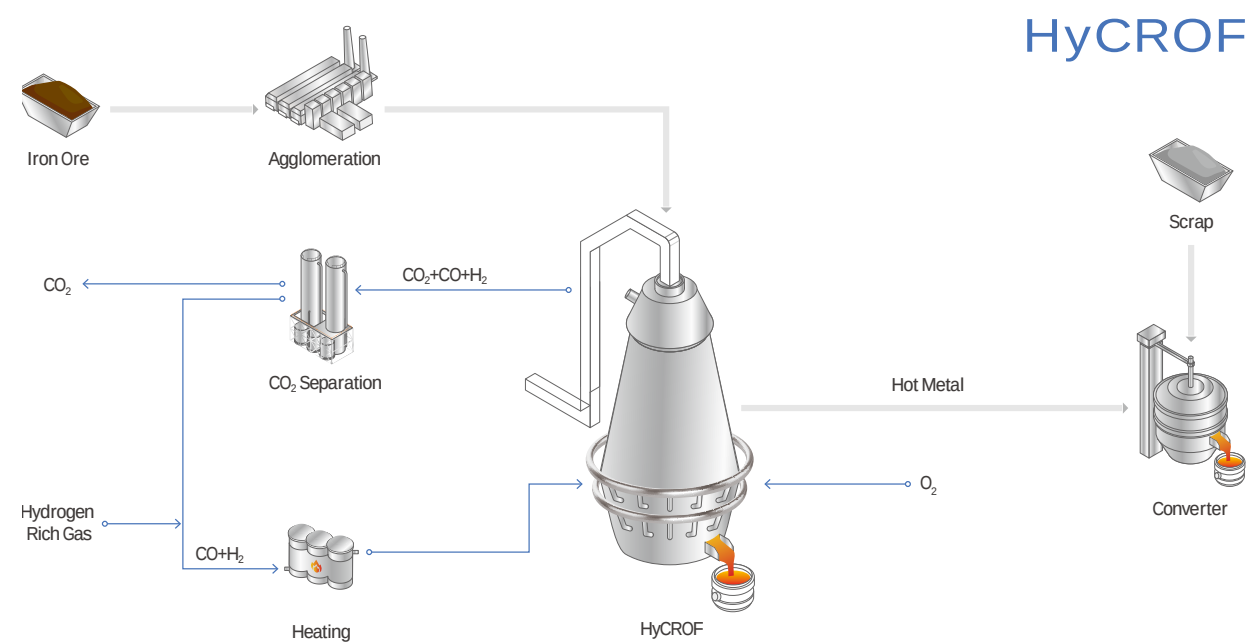
The blast furnace-converter process path centered on the Hydrogen-enriched Carbonic oxide Recycling Oxygenate Furnace (HyCROF)

- The green-processed raw materials are fed into the HyCROF for ironmaking, and the generated molten iron enters a multi-function converter for steelmaking, together with a large proportion of scrap steel, after which high-strength, corrosion-resistant, high efficiency green products are produced through near-net-shape casting and rolling. The CO₂ separated from the top gas of the HyCROF is utilized or stored geologically, establishing a blast furnace-converter carbon neutral path.

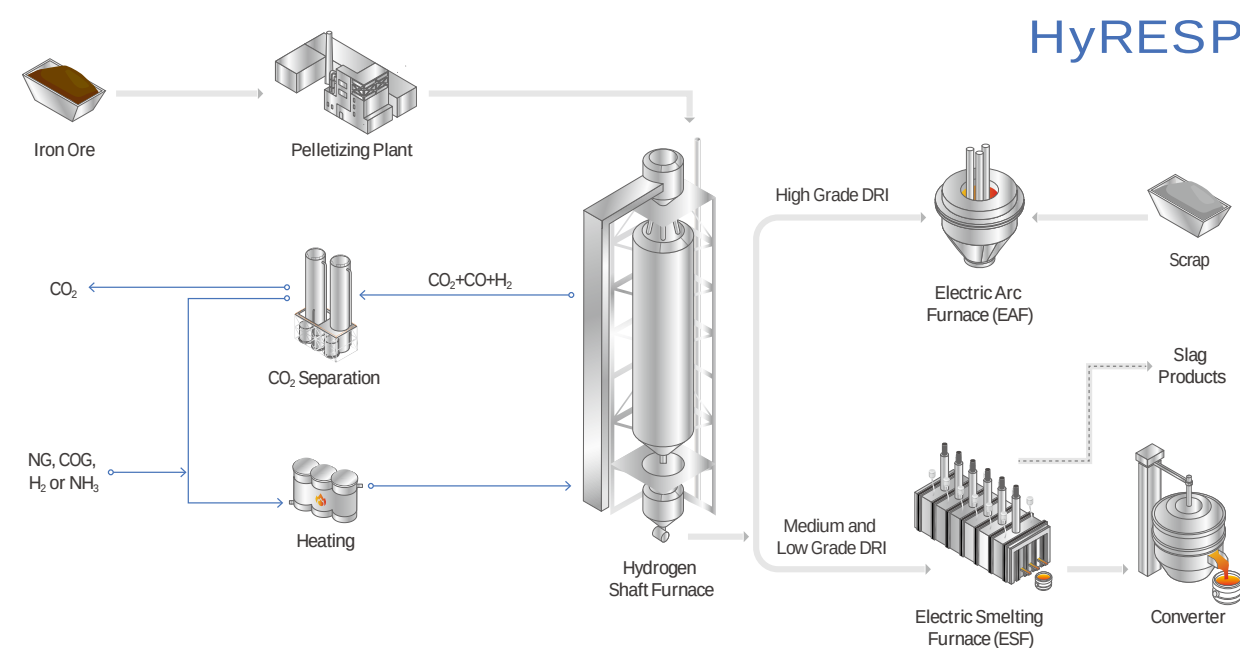
The Hydrogen Reduction & Electric Smelting Process (HyRESP) centering on the hydrogen-based shaft furnace

- Hydrogen produced through renewable energy power reduces iron ore and then delivers to an electric arc furnace or electric smelting furnace, thereby forming a hydrogen metallurgical carbon neutral path based on shaft furnace processes.

⁵ Taking the Company's operational scope as the boundary, it includes Scope 1 & 2. We assess the carbon reduction potentials in ultimate energy efficiency, green energy, and low-carbon metallurgy and have set phased carbon reduction targets; however, there is uncertainty in their contribution to carbon reduction due to constraints in the construction of external green power channels and the progress of low-carbon metallurgical R&D.

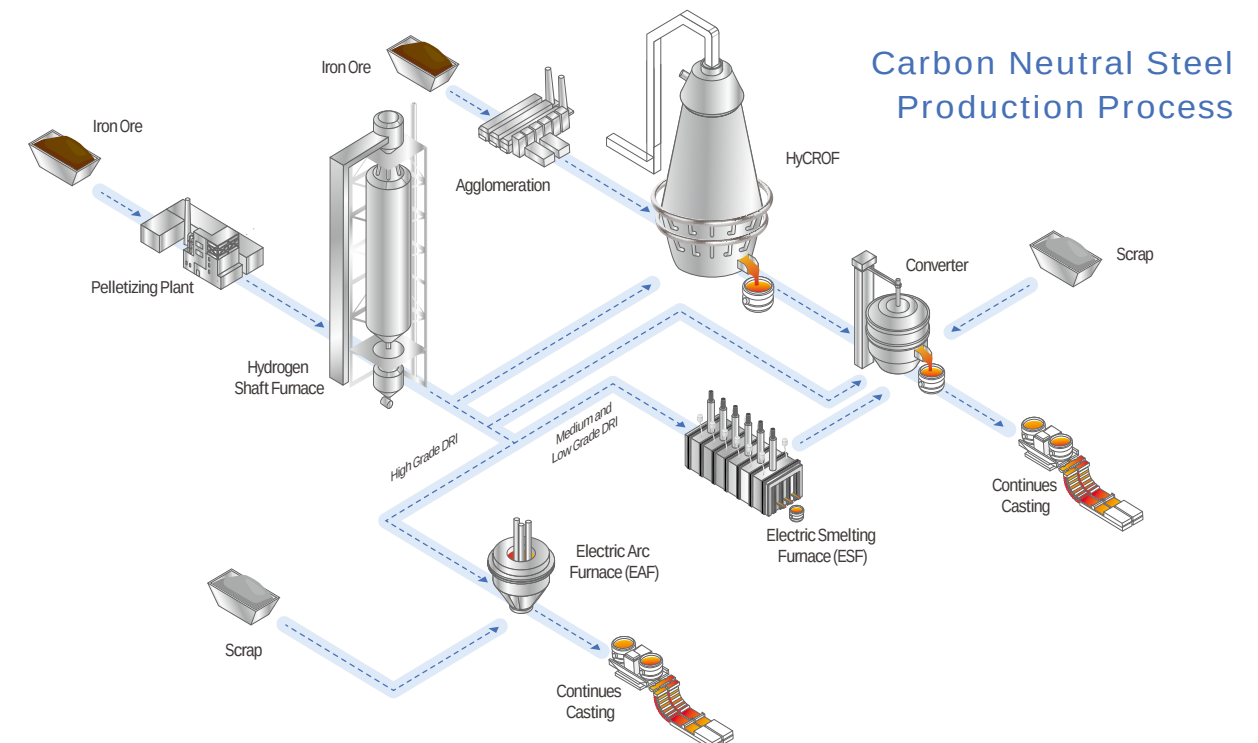


Blast Furnace-Converter Process Path Centering on the Hydrogen-enriched Carbonic Oxide Recycling Oxygenate Furnace (HyCROF)



Hydrogen Reduction & Electric Smelting Process (HyRESP) Centering on the Hydrogen-based Shaft Furnace

As illustrated in the low-carbon metallurgical logistics diagram, the logistics of the two process paths can be combined, balancing decarbonization requirements with cost-efficiency. This enables the development of low-carbon metallurgical production paths suitable for various raw materials and steel grades.



Carbon Neutral Steel Production Process

Climate Change Scenario Analysis

To establish a systematic climate change management framework, Baosteel categorizes the objects of climate change management into two major classes: risks and opportunities. The risks comprise transition risks and physical risks. We have closely integrated climate scenario analysis with our business scope and the current industry landscape. The identification and analysis of climate-related risks and opportunities serve as a critical basis for formulating future management objectives and strategic planning, thereby supporting the Company in achieving comprehensive and holistic climate change management.

Climate Change Risks

Regarding transition risks, Baosteel adheres to the disclosure methodologies and recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD), referencing scenarios simulated by the China Iron and Steel Association and the International Energy Agency (IEA) to forecast climate change trends and their relationship with the Company's operations, thereby assessing the impact of transition risks on the Company's business.

Low-carbon transformation scenarios for China Iron & Steel Association

■ Low-carbon transformation scenarios for China Iron & Steel Association: The China Iron and Steel Association (CISA) has proposed low-carbon transformation scenarios for China Iron & Steel Association based on China's scrap resources, clean energy development, and the R&D progress in low-carbon metallurgy. In October 2024, CISA released a group standard titled *Methods for Assessment of Decarbonized Steel* (T/CISA 452—2024).

The Net-Zero Emissions by 2050 Scenario (NZE)

■ IEA to achieve CO₂ equivalent weight net zero emission by 2050. This target does not rely on cutting emmsions in non-energy sectors.

Regarding physical risks, we referred to the Representative Concentration Pathways (RCPs) RCP 4.5 and RCP 6.0 scenarios established by the Intergovernmental Panel on Climate Change (IPCC) to systematically assess the potential impacts of extreme weather events and long-term climate pattern shifts under various warming scenarios on the Company's operations. This assessment provides a scientific basis for formulating targeted climate adaptation and resilience enhancement plans.

RCP 4.5 scenario

■ RCP 4.5 is a moderate emissions scenario that envisions the implementation of some emission reduction measures, but global greenhouse gas emissions are still projected to peak by mid-century and then gradually decline. Under this scenario, the global average temperature increase by 2100 is expected to be approximately between 2.4°C and 3.1°C.

RCP 6.0 scenario

■ RCP 6.0 is a high emissions scenario that assumes global greenhouse gas emissions will continue to rise until gradually stabilizing towards the end of this century. Under this scenario, the global average temperature increase by 2100 is expected to be approximately between 3.3 °C and 4.8°C .

Based on quantitative analysis methods, Baosteel has categorized the time horizons for the impact of climate-related risks and opportunities into short-term (1-2 years), medium-term (3-6 years), and long-term (7 years or more). Drawing upon an analysis of the Net Zero Emissions (NZE) scenario for 2050 and the low-carbon transition scenario for China's steel industry, we have systematically identified transition risks that may have a material impact on the Company's operations. Furthermore, the potential scale of financial impacts has been quantitatively assessed, and the risks have been categorized into low, medium, and high levels based on the magnitude of losses or gains. In 2025, we reviewed and updated the climate change risk register and refined mitigation measures to ensure their comprehensiveness and timeliness.



Baosteel's Climate Transition Risks and Countermeasure

Type	Risk	Impact on Business	Impact on Financial Performance	Duration of Impact	Level of Impact	Countermeasure
Transition Risk	Carbon Pricing	In 2025, the Ministry of Ecology and Environment released the <i>Work Plan for the Inclusion of the Steel, Cement, and Aluminum Smelting Sectors in the National Carbon Emission Trading Market</i> , the <i>Quota Total and Allocation Scheme for the Steel, Cement, and Aluminum Smelting Industries in the National Carbon Emissions Trading Market for the Years 2024 and 2025</i> , the <i>Notice on Implementing Relevant Work of the National Carbon Emission Trading Market in 2025</i> , and the <i>Opinions on Promoting Green and Low-Carbon Transformation and Strengthening the Construction of the National Carbon Market</i> . These issuances signify that the steel industry has been incorporated into the national carbon market and has formally entered the implementation phase.	During the period from 2025 to 2026, quotas for the steel industry shall be allocated on the principle of achieving a basic balance between profits and losses across various sectors. The quota surplus or deficit rate will be maintained within a narrow range, ensuring that no contractionary effect is exerted upon the development of enterprises within the industry. From 2027 onwards, the total quota will be gradually and moderately tightened, and carbon emission costs may increase significantly. Compliance with carbon emission obligations will increase the Company's compliance costs. In 2025, the total expenditure by Baosteel's various bases and subsidiaries for compliance in local pilot carbon markets amounted to RMB 8.23 million. With the advancement of the national carbon market, it is anticipated that the Company's compliance costs will remain at a low level in the short term (2025-2026); however, from a medium-to-long-term perspective, their impact is expected to gradually emerge and become significant.	Medium-Long Term	High Risk	■ Baosteel has formulated and implemented a carbon neutrality technology roadmap, systematically advancing investments in projects such as energy conservation and emission reduction, new energy applications, and low-carbon metallurgy, thereby continuously reducing carbon emissions. ■ In terms of the management mechanism, the Company has established a carbon asset management team and initiated talent development and training programs for carbon management. The team monitors and analyses market dynamics in real time to optimize the allocation of carbon assets and effectively control the Company's compliance costs.
	CBAM	Baosteel has carried out CBAM calculations and declarations in accordance with EU regulatory requirements. The CBAM shall enter the substantive taxation phase in 2026. Baosteel Europe must purchase CBAM certificates for imported steel products to cover the embedded carbon emission costs incurred during the production process.	EU importers will incur increased carbon costs for product imports as a result of the implementation of CBAM, with the magnitude of such increase directly corresponding to the price of allowances in the EU Emissions Trading System. In December 2025, the European Commission issued CBAM regulatory documents, including the default carbon emission values for CBAM products by country. The discrepancy between the default and actual carbon emission values for China's steel industry is significant. It is estimated that the CBAM costs for the Company's exports to the EU will amount to approximately RMB 150 million to 670 million per annum in 2026, rising to RMB 780 million to 1,320 million per annum by 2035.	Medium-Long Term	Medium-High	■ Baosteel actively monitors changes in industry policies and responds promptly to potential policy updates. ■ The Company has established and continues to refine its CBAM carbon emission calculation, monitoring plan, and carbon emission reporting in accordance with the CBAM regulations, and plans to conduct preliminary verification.

Type	Risk	Impact on Business	Impact on Financial Performance	Duration of Impact	Level of Impact	Countermeasure
Transition Risk	Low-Emission Technologies and Products	China's National Development and Reform Commission (NDRC) issued the <i>Special Action Plan for Energy Conservation and Carbon Reduction in the Steel Industry</i> (FGHZ [2024] No. 730), highlighting the need to "actively develop advanced electric arc furnaces, accelerate the transformation of eligible long-process steelmaking into short-process electric arc furnaces, and strive to increase the proportion of electric arc furnace steel production to 15% by 2025". The State has issued the <i>Work Plan for Stabilizing Growth in the Steel Industry (2025-2026)</i>, promoting research into technical pathways for synergistic pollution reduction and carbon emission mitigation within the steel sector. It supports breakthroughs in low-carbon common technologies such as hydrogen metallurgy and accelerates pilot verification and industrialization of integrated processes and equipment for green electricity, green hydrogen, and pure hydrogen metallurgy. Currently, over 90% of Baosteel's production relies on the blast furnace-converter process. Transitioning to low-carbon technologies, such as the scrap-based steel electric arc furnace, hydrogen-based shaft furnace and EAF, and HyCROF, requires significant investments in fixed assets.	Low-carbon metallurgical technologies will significantly increase the Company's investment costs. The hydrogen-based shaft furnace with a capacity of one million tons, paired with a 1.8-million-ton electric arc furnace and supporting facilities in Zhanjiang, entails fixed asset investments of over RMB 5 billion. Achieving a comprehensive low-carbon transition is expected to require a fixed asset investment of approximately RMB 100 billion.	Medium-Long Term	Medium Risk	■ In alignment with domestic and international policies, developments in the low-carbon steel industry chain, advancements in low-carbon technologies, and the evolving market for low-carbon products, we aim to systematically implement transitions such as the scrap-based steel electric arc furnace, hydrogen-based shaft furnace and EAF, and HyCROF. We also strive to build core competitiveness in low-emission technologies and low-carbon products. ■ Adhering to the strategic orientation of carbon peaking and carbon neutrality, we will continuously refine the carbon neutral technology roadmap based on advancements in low-carbon technology development. We ensure iterative updates to short- and medium-term green and low-carbon implementation plans every three years to effectively reduce risks and investment uncertainties in the low-carbon technology transition process.
	Dual Control on Carbon Emissions	In July 2024, the General Office of the State Council issued a notice on the <i>Work Plan for Accelerating the Establishment of a Dual Control System for Carbon Emission</i>, establishing a new mechanism to transition from energy consumption control to comprehensive dual control on carbon emission. The plan aims to expedite the development of a system for controlling both the total carbon emissions and carbon intensity (hereinafter referred to as "dual control on carbon emissions"). Policy revisions require adjustments to energy conservation review and management measures, and incorporating them into carbon emission standards. It is also required to establish local carbon emission evaluation systems, allocate targets to each province, and define assessment procedures and the application of results.	Baosteel's production bases are widely distributed, and local governments have yet to clarify their targets of dual control on carbon emissions for the Company. As a result, the financial impact on Baosteel remains difficult to assess currently.	Medium-Long Term	Medium Risk	■ Baosteel plans to reduce the total amount and intensity of carbon emissions by implementing five core measures: maximizing energy efficiency, developing green energy, anchoring low-carbon metallurgy, implementing a circular economy, and empowering with AI.

Type	Risk	Impact on Business	Impact on Financial Performance	Duration of Impact	Level of Impact	Countermeasure
Transition Risk	Change in Consumer Behavior	With the implementation of China's carbon peaking and carbon neutrality strategy, Baosteel has recently received increasing low-carbon demands from downstream customers through questionnaires, emails, and specialized discussions. These requirements primarily focus on product carbon footprint, scrap steel utilization ratio, renewable energy (green electricity) usage ratio, and low-carbon metallurgical processes. Failing to meet downstream customers' low-carbon requirements may lead to risks such as losing customers and reduced sales revenue.	The market demand for low-carbon products may potentially lead to a decrease in our sales. Currently, although there is demand in the market for the procurement of low-carbon products, this demand remains relatively low. The low-carbon product market has not yet reached a significant scale, and thus its impact on us is minimal at present.	Short Term	High Risk	■ Collaborate with downstream users to actively expand the BeyondECO low-carbon steel brand product range and sign a low-carbon supply chain cooperation agreement. ■ The Company has established a digital carbon management platform to empower low-carbon products through digitalization, thereby providing society with more high-quality steel products that are low in carbon.
	Reputation	Investors, regulators, customers, and other stakeholders increasingly view a company's climate change response as a key performance indicator. To meet their expectations, we must allocate resources to strengthen carbon target management. Failure to achieve set goals may result in credit risks.	Reputational and credit risks may potentially cause a decline in our brand value. According to the "China Listed Companies Brand Value List" released in 2025 by National Business Daily in collaboration with the China Enterprise Research Center at the School of Economics and Management, Tsinghua University, Baosteel's latest brand value was RMB 54.7 billion. If Baosteel fails to meet stakeholders' expectations in its climate change actions, it could lead to a decrease in the Company's brand value.	Short Term	Low risk	■ Promotion and dissemination via mainstream media and official self-media: News coverage by CCTV and a full-page feature in the Liberation Daily. Concurrently, public promotion and reporting were conducted via the "Ni Hao Baosteel" and "Baosteel Direct Line" social media channels. ■ Significant ESG Rating Participation: Baosteel has long participated in multiple ESG capital market ratings, attracting investors, customers and other stakeholders. ■ Brand development of Baosteel's low-carbon steel product BeyondECO. ■ Environmental Protection Promotion Activities: A series of activities were organized, including opening environmental protection facilities to the public and a special campaign to enhance factory appearance under the theme "Beautiful China, I am an Actor", thereby enhancing the transparency and credibility of the Company.

Increasingly frequent extreme weather events continue to impact the stability of corporate production and operations and the continuity of raw material supply. We regularly review the results of climate scenario analyses and have updated and identified the physical risks that may potentially impact on the Company's operations under the RCP 4.5 and RCP 6.0 scenarios. Furthermore, through quantitative assessment of the financial gains or losses likely to be triggered by each risk category, these risks are classified into three levels - low, medium, and high - based on their magnitude of impact.

Baosteel's Climate-related Physical Risks and Countermeasures

Type	Risk	Impact on Business		Impact on Financial Performance	Duration of Impact	Level of Impact	Countermeasure
		RCP 4.5 Scenario	RCP 6.0 Scenario				
Physical Risk	Rainstorm (Heavy Rainfall)	Baosteel operates two bases located in coastal areas: Baoshan and Zhanjiang. In the short term, these sites are expected to face one to two instances of severe typhoon extreme weather events annually, accompanied by heavy rainfall. Extreme weather conditions may cause the suspension of certain production lines, resulting in disruptions to the upstream and downstream supply chains and logistics, which will lead to a decline in production efficiency.	Production bases located in coastal areas are expected to face increasingly frequent extreme weather events, such as typhoons, with the intensity of these typhoons likely to continue escalating. Concentrated heavy rainfall over a short period will directly impact the stable operation of production equipment, while the shock to the supply chain will further intensify, posing a sustained challenge to overall production and operations.	Under such extreme weather conditions, certain production lines of the Company may cease operations and logistics transportation may be disrupted, resulting in a decline in production efficiency and a reduction in the Company's revenue. Commuting for certain employees has been impeded, and labor costs are projected to increase.	Short Term	Low Risk	■ Baosteel regularly updates its emergency plans for extreme weather to minimize the impact on the Company's safety production and has made specific budgetary provisions and preparations for such conditions. ■ We have collaborated with the local meteorological bureau to proactively prevent and effectively control risks associated with extreme weather. Furthermore, we organized a series of practical emergency response drills to ensure that employees' capacity for responding to various disasters or emergency incidents has been effectively enhanced.
	Changes in Temperature and Rainfall	The sustained increase in temperature and precipitation may subject certain operational areas of the Company to more severe climate pressures, thereby affecting production schedules and efficiency. Concurrently, the working environment at raw material supply locations may also become increasingly complex due to fluctuations in climatic conditions, posing potential challenges to employee safety and production efficiency.	With rising temperatures, the risk of heatstroke for employees during production and operations has further intensified, adversely affecting employee health and safety as well as operational efficiency. Furthermore, the Baosteel air conditioning system and cooling system require greater energy consumption to maintain normal operation.	A decline in production efficiency may result in a reduction in the Company's revenue, whereas labor costs associated with employing staff will increase under extreme conditions. The air conditioning system and cooling systems require greater energy consumption to maintain normal operation, which directly results in an increase in operating costs.	Medium-Long Term	Low Risk	■ We continue to advance the assessment of suppliers' social responsibility, gaining a deep understanding of their actual performance in addressing climate change. We actively engage with suppliers to negotiate and jointly establish supply chain risk management mechanisms, aiming to mitigate the potential impact of physical risks on the Company's production and operations.

Climate Change Opportunities

In the face of profound global transformation towards low-carbon development, climate change, while presenting severe challenges, is also driving industrial structure upgrading and market demand evolution, thereby opening up new development opportunities for the steel industry. The burgeoning development of strategic industries such as downstream new energy, electric mobility, and high-end manufacturing has imposed more stringent requirements on high-performance, low-carbon green steel materials. Baosteel proactively seized the critical window to reshape future competitiveness, integrated climate-related opportunities into its corporate development strategy, and responded actively to the growth in green market demand through forward-looking technological research and product innovation. It is committed to sustaining leadership in the industry's green revolution.

Baosteel's Climate Change Opportunities and Countermeasures

Opportunity	Impact on Business	Impact on Financial Performance	Duration of Impact	Level of Impact	Countermeasure
Resource Efficiency	The steel industry is characterized by high energy consumption. With China's implementation of "total energy and energy intensity" controls, companies that adopt advanced energy-saving technologies are better positioned to meet regulatory energy consumption requirements.	Proactively adopting energy-saving technologies can help reduce steel production costs per ton, delivering long-term benefits for the Company. In 2025, energy-conservation and low-carbon investments were at RMB 3.2 billion, with a 2025 budget estimated at RMB 1.1 billion.	Medium-Long Term	Low-Medium	Baosteel has established a comprehensive Best Available Commercial Technology (BACT) repository applicable across the entire industry process. Annually, each base formulates energy conservation and emission reduction plan proposals by reference to this technology repository. Concurrently, the Company conducted assessments and promoted energy-saving projects internally, thereby completing the dissemination of internal energy-saving technologies.
Energy Sources	In recent years, corporate investments in renewable energy have surpassed those in fossil fuels. The costs of distributed energy, energy storage, and hydrogen energy continue to decline. Expanding investments in and usage of renewable energy can help enterprises optimize their energy structure and accelerate the transition to low-carbon operations.	Investing in renewable energy can reduce both corporate energy costs and carbon compliance expenses.	Short-Medium Term	Low	Baosteel has actively explored the deployment and application of clean energy. A rooftop photovoltaic power generation project, which is the largest in the steel industry worldwide, has been established. Furthermore, Baosteel has entered into green energy procurement agreements with energy companies to maintain annual growth in the volume of green electricity procured.
Products and Services	■ Rapid Growth of Electric Vehicles According to the IEA's <i>Global EV Outlook 2025</i>, global electric vehicle (EV) sales (including hybrid vehicles, hereinafter referred to as such) reached 17 million units in 2024, with China accounting for over 11 million units. It is projected that global EV sales will reach 40 million units by 2030, driving rapid growth in market demand for high-grade non-oriented silicon steel used in high-performance motors. Simultaneously, the automotive industry has imposed requirements on steel products regarding long service life, corrosion resistance, high strength, and low carbon emissions. ■ Development of Clean Energy According to IRENA's <i>2023 Year in Review: Climate-driven Global Renewable Energy Potential Resources and Energy Demand</i>, China has added approximately 500 GW of renewable energy capacity annually in recent years. ■ Improvement in Energy Efficiency The transition to carbon neutrality across society has introduced new requirements for energy efficiency, such as the preference within the motor industry for high-efficiency steel products.	Customer demand for green products can boost their sales volume and revenue, generating economic benefits for the Company.	Short-Medium Term	Medium	- In response to the requirements of the transition to a low-carbon society, Baosteel has vigorously developed green and low-carbon products: ■ In response to the rapid growth of electric vehicles, production lines for high-grade non-oriented silicon steel used in drive motors of new energy vehicles are being commissioned, further enhancing market share. ■ In response to the national demand for the construction of ultra-high voltage power grids, new production lines for grain-oriented silicon steel used in transformers, generators, and motors have been established. Comprehensive solutions for wind power materials are provided, including high-strength thick plates for wind towers and Baosteel's BeCOREs silicon steel for wind turbines; additionally, thick plates for the 'Clean Energy Corridor' giant cascade hydropower stations, as well as hot-rolled and silicon steel products, are supplied. ■ Non-oriented silicon steel is adopted as the core material for motor manufacturing to facilitate efficient and energy-saving development within the industrial motor sector.

Response to Climate Risks

To actively implement the China's carbon peaking and carbon neutrality strategy and respond to climate change deployment, Baosteel has established a synergistic response system encompassing both adaptation and mitigation. We recognize that effective management of climate-related risks and the seizing of opportunities arising from the green transition are critical to the Company's achievement of high-quality development. We continue to advance the construction of operational climate resilience and systematically plan and implement greenhouse gas emission reduction actions, thereby fulfilling our responsibility as an industry leader in addressing global climate challenges and jointly creating a more sustainable future.

Enhance Climate Resilience

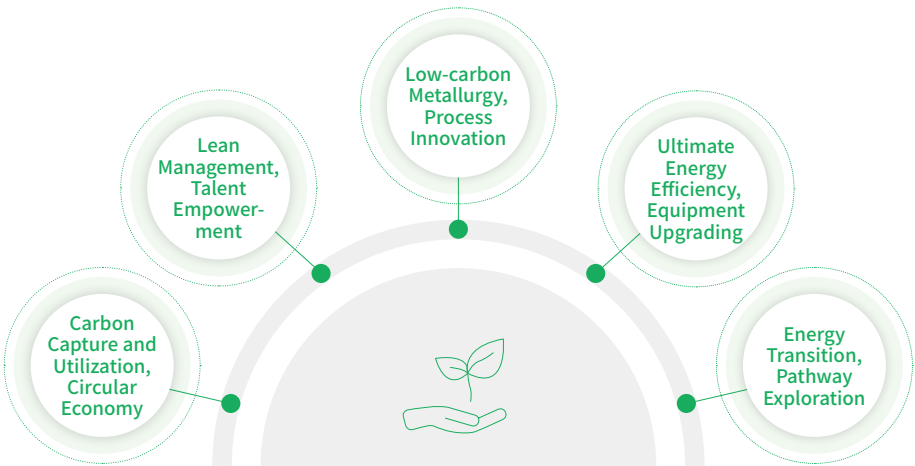
In the face of increasingly frequent extreme weather events, enhancing climate resilience has become critical to ensuring the safety, stability, and continuity of the Company's operations. Baosteel has integrated climate adaptation into its risk management framework and developed forward-looking response plans based on the results of climate scenario analysis. We have established a climate risk response framework covering all business segments of the Group, with clearly defined phased implementation pathways. It is planned to complete the closed-loop management and adaptive transformation of climate-related risks within the next five years, thereby establishing a long-term management mechanism to safeguard asset security and operational continuity.

Baosteel's Climate Change Risk Adaptation Plan

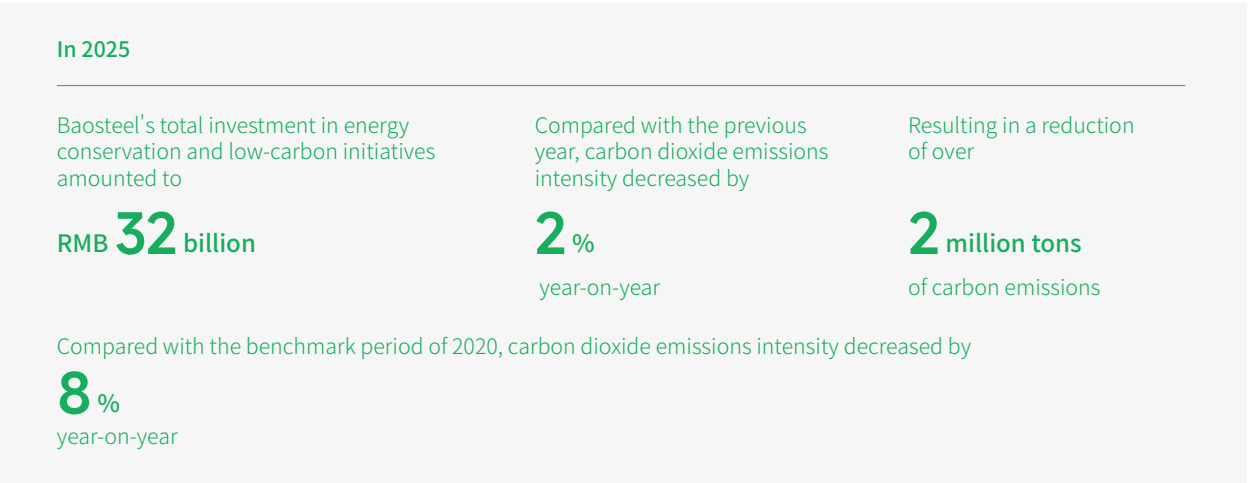
Measure / Risk	Rainstorm (Heavy Rainfall)	Changes in Temperature and Rainfall
Mechanisms for Adapting to Climate Change Risks	- Establish a mechanism for inspection and maintenance of flood control equipment: Regularly conduct safety inspections of key facilities, implement critical flood prevention projects, and perform functionality tests on flood prevention equipment and emergency supplies to ensure their responsiveness during flood season. - Establish a business impact assessment mechanism: Conduct quantitative analysis on equipment repair cycles, raw material supply interruptions, and expected sales losses. Perform supply chain stress testing to ensure stable raw material supply during extreme weather conditions through diversified procurement strategies. - Establish a risk hedging mechanism: Purchase property insurance to cover physical asset losses and secure environmental liability insurance to address ecological damage caused by unexpected incidents, establishing a risk response mechanism with financial protection.	- Establish a water risk assessment mechanism: Carry out risk assessments using the WWF Risk Filter database. For details, refer to the "Resource Management - Water Resource Risk Management" section. - Establish a real-time temperature monitoring and protection mechanism: Put in place a mechanism that integrates risk warning, health monitoring, and safety training to dynamically identify risk factors associated with high-temperature operations. Conduct real-time physiological monitoring for employees, and create health records. Provide specialized high-temperature operation training to both management personnel and frontline employees, creating a comprehensive heat protection framework across the entire process chain. - Establish a full-lifecycle emergency response mechanism: By establishing a decision chain featuring meteorological warning, instant assessment, and tiered response, as well as directly accessing the meteorological disaster warning platform data, ensure rapid responses while regularly conducting simulation drills. These exercises cover scenarios involving temperature fluctuation and changes in rainfall.
	- Continuously advance the implementation of key flood prevention projects, including manual cleaning of main drainage pipelines and clearing and unblocking branch drainage systems in production areas. - For key flood-prone areas across units, collaborate with other departments to organize special rectification efforts for flood prevention and drainage. Provide full support and coordination to ensure safe and smooth operations for all units.	- Periodic maintenance is carried out on key drainage pumping stations and sluice gates at regular intervals. A comprehensive inspection of equipment status is conducted to promptly eliminate potential faults, ensuring the efficient operation of the drainage system during the rainy season. - In light of the rainfall conditions during the year and on-site disposal experience, emergency response measures, procedures, and system operating modes for key areas shall be continuously refined to enhance the capability to respond to unexpected incidents.
Specific Adaptation Measures		
Target Timeline for Implementing Adaptation Measures	The Company continues to advance the "1+6" development strategy and prepares a corporate development plan every three years. The specific connotations are as follows: One model: "one company with multiple bases" management model Six capabilities: technological innovation, product management, green and low-carbon development, smart manufacturing, efficiency improvement, and overseas development	

Reduction of Greenhouse Gas Emissions

Addressing global climate change and promoting green, low-carbon development have become core issues concerning the sustainable future of the steel industry. Baosteel recognizes fully that accelerating the green transition is not only an imperative for implementing the national "Dual Carbon" strategy but also an intrinsic requirement for the Company to achieve high-quality development. The Company has systematically formulated a climate mitigation strategy centered on five core pathways: low-carbon metallurgy, ultimate energy efficiency, energy transition, circular economy, and lean management. It has comprehensively deployed and implemented greenhouse gas emission reduction actions, firmly advancing deep decarbonization across the entire value chain, with a commitment to making a substantial contribution to carbon neutrality goals in China and globally.



Baosteel's Strategic Initiatives for Climate Change Mitigation



Low-carbon Metallurgy, Process Innovation

Baosteel upholds the development philosophy of "innovation, coordination, green growth, openness and sharing", and thoroughly implements the spirit of documents such as the *Comprehensively and Accurately Implementing the New Development Concept and Conducting Carbon Peaking and Carbon Neutrality*, the *Notice on the Action Plan for Carbon Peaking by 2030* and the *Implementation Plan for Carbon Peaking in Industry*. We actively respond to the national carbon peaking and carbon neutrality strategic objectives and international market green trade rules. Closely aligned with the green upgrade requirements of downstream industries, we focus on low-carbon product development and production process innovation, strive to overcome technical bottlenecks, and establish a series of green products with market influence. Furthermore, we collaborate with supply chain partners to advance emission reductions across the entire value chain.

On 23 December 2025, upon the directive issued by Wangming Hu, Party Secretary and Chairman of China Baowu, the nation's first million-ton near-zero-carbon steel production line was fully commissioned at Baosteel Zhanjiang Steel. The near-zero carbon steel production line comprises hydrogen-based blast furnaces and electric arc furnaces, with an annual continuous casting billet output of 1.8 million tons. By utilizing green energy sources such as wind, solar and hydrogen power, carbon emissions along the production line have been reduced by 50% to 80% over a longer process duration, with annual carbon dioxide emissions potentially curtailed by in excess of 3.14 million tons. The full-chain integration of the near-zero carbon steel production line adopting Baowu's innovative Hydrogen Metallurgy Electric Melting Process (HyRESP) has achieved manufacturing capabilities for high-end green and low-carbon automotive sheets and non-oriented silicon steel products.



We have integrated production processes such as hydrogen-rich carbon cycle blast furnaces, hydrogen reduction electric smelting, and high-efficiency electric furnaces into low-carbon metallurgical production lines, with the aim of establishing a green, efficient, and sustainable pathway for steel production and smelting. The following details are the construction status of Baosteel's low-carbon smelting production line:

Path	Carbon Reduction	Low-carbon Production Line Arrangement	Available Varieties
High blast furnace converter scrap ratio	≥ 30%	Multi-site production lines possess a manufacturing process capable of incorporating scrap steel at a proportion exceeding 30%	Covering cold-rolled, hot-rolled, and thick plate products
Electric furnace full scrap steel	≥ 60%	In June 2024, the conversion of the round and billet electric arc furnace to scrap steel commenced operations	Seamless steel pipe: Gas cylinder steel Wire products: steel cord, cold-heading steel, spring steel, etc
Hydrogen reduction electric melting process	50~80%	In December 2025, the Zhanjiang Electric Arc Furnace commenced operations, and the near-zero carbon steel production line was fully integrated across Baosteel Zhanjiang Steel	Covering cold-rolled, hot-rolled, and thick plate products
Hydrogen-rich carbon cycle oxygen blast furnace	≥ 30%	Demonstration Phase	Covering cold-rolled, hot-rolled, and thick plate products

Baosteel has established a systematic and internationally aligned green product certification framework. Multiple bases have successfully obtained numerous authoritative domestic and international green certifications, including carbon footprint reduction certification, low-carbon steel grade certification, SCS Kingfisher certification, EPD (Environmental Product Declaration), and BeyondECO brand authorization. Extensive product certification covers multiple series ranging from hot-rolled and cold-rolled steel to silicon steel, bars and wires, laying a solid foundation for the Company to obtain the 'green passport' for its products in international markets and to meet the stringent green supply chain requirements of downstream industries.

Green certification has been obtained for steel products for automobiles and electronics at the Meishan base

In 2025, the Meishan Base achieved significant breakthroughs in the research and development and market application of low-carbon automotive steel and electronic-grade steel. The product carbon footprint verification for pickled automotive steel SAPH440 and hot-rolled precision stamping steel 20MnB5 has been successfully completed. The Company has obtained the Level E Carbon Efficiency Certification for Low-Carbon Emission Steel and has been granted authorization to use the BeyondECO® low-carbon brand. Upon calculation, the carbon emission intensity over the full life cycle of the aforementioned two products decreased by approximately 30% compared to the base year.

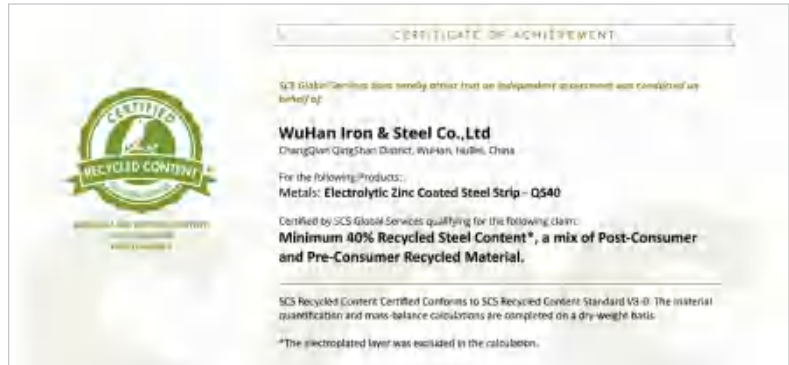
Construction of a Multi-Category Product Certification System and Market Promotion at the Qingshan Base

In 2025, the full range of home appliance panels at the Qingshan Base obtained SCS (Kingfisher) certification, and EPD reports covering six major categories, including hot rolling, pickling, and color coating, were published. Brand authorization for BeyondECO has been granted to five product categories, including hot-rolled steel, general cold-rolled steel, galvanized steel, and silicon steel. This enhances the recognizability and market competitiveness of low-carbon emission steel products. In 2025, the sales volume of low-carbon emission steel at the Qingshan Base reached 10,400 tons, primarily applied in the home appliances and construction sectors, while active trials and certifications are being advanced in the automotive sector.



Baosteel Green and Low-Carbon Product Certificate

In respect of breakthroughs in low-carbon smelting processes, the Dongshan Base has explored and mastered two major technical pathways: a blast furnace-converter route with a high proportion of scrap steel, and a hydrogen-based shaft furnace plus electric arc furnace route. The carbon reduction ratio of products reaches 30-80%, providing a reliable technical solution for reducing carbon intensity at the source of production. Currently, the blast furnace-converter technology has been applied to the production of high-end products such as automotive outer panels and ultra-high-strength steel. Furthermore, the Meishan Base has stably produced low-carbon automotive steel products for the European market by adopting a process with a 40% scrap steel ratio in high-capacity converters. Through overcoming the smelting technology for ultra-low carbon steel with a high scrap steel ratio, it has successfully produced multiple series of steel products for electronic applications and obtained the SCS scrap steel ratio certification from the United States, significantly enhancing the green competitiveness of its products.

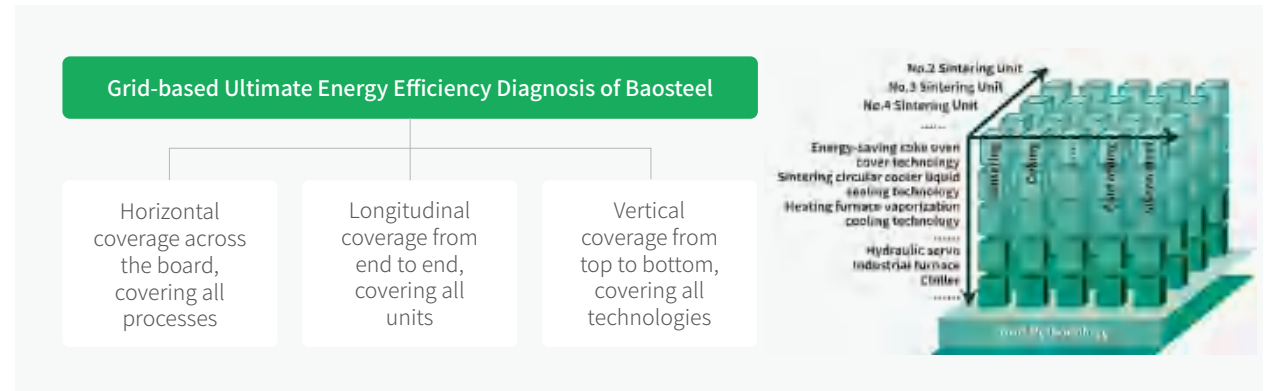


Certification of American SCS Scrap Steel Ratio

Baosteel's low-carbon products have achieved a diversified market layout and successfully penetrated multiple high-end and emerging sectors. Products such as low-carbon automotive outer panels, ultra-high-strength steel, and green appliance sheets, while meeting the requirements of key domestic customers, are gradually entering international markets including Europe. The application of the product has expanded from traditional automotive and home appliance sectors to high-growth areas including new energy, 3C electronics, high-end equipment manufacturing, and green building, playing a positive role in promoting collaborative carbon reduction across the industrial chain.

Ultimate Energy Efficiency, Equipment Upgrading

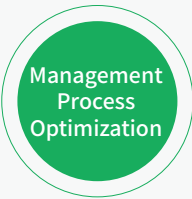
Baosteel regards extreme energy efficiency management as the core pathway to achieving energy conservation and carbon reduction. The Company established an extreme energy efficiency potential exploration team. Through the implementation of grid-based extreme energy efficiency diagnostics to identify improvement opportunities, it systematically advanced technical modifications, process optimization, and intelligent applications. This initiative continuously unlocks energy-saving potential across the entire value chain, driving a comprehensive enhancement in energy efficiency.



Baosteel Grid-Based Ultimate Energy Efficiency Diagnosis



- **Application of High-Efficiency Motors and Variable Frequency Drive Technology :** Meishan Base implemented variable frequency retrofits for finishing mill dedusting fans, descaling systems, and other equipment. Baoshan Base promoted the replacement with energy-saving air compressors and transformers, effectively reducing system electricity consumption.
- **Key Process Energy Efficiency Improvement Projects:** Dongshan Base advanced 16 projects, including blast furnace TRT efficiency enhancement and coke oven ammonia steam recovery, achieving an annual energy saving exceeding 70,000 tons of standard coal; Meishan Base commissioned projects such as ultra-supercritical power generation and the replacement of blast furnace hot stove preheaters.
- **Production Process Interface Optimization:** Meishan Base improved the hot charging rate at 400°C and optimized cross-slab turnover efficiency, slab yard management, and production planning, raising the hot charging ratio of the two hot rolling lines to 77.47%, thereby effectively reducing energy consumption and carbon emissions.



- **Systematic Energy Audit and Certification:** Baoshan Base conducts third-party energy management system audits covering all processes and multiple factories to verify the effectiveness and compliance of the energy management system and identify areas for improvement.
- **Routine Internal Audits and Closed-Loop Management:** Baoshan Base organized professional internal auditors to conduct system internal audits across 11 systems, implementing full-process control and driving continuous improvement in energy performance through rectification of identified issues.
- **Cross-Base Collaboration and Sharing of Best Practices:** Baosteel organized the four bases to conduct mutual audits of their energy management systems, enhancing consistency in management requirements and promoting the exchange of advanced experiences and practices among the bases.



- **Deployment of AI Prediction and Intelligent Control Models:** Baoshan Base developed and deployed a series of models, including coke oven combustion control, blast furnace molten iron temperature prediction, heating furnace intelligent control, and converter gas recovery control, to optimize energy utilisation efficiency.
- **Intelligent Analysis and Energy Efficiency Indicator Optimization:** Dongshan Base leveraged its intelligent analysis model for energy value creation to drive key energy efficiency indicators, such as blast furnace blowing and compressed air electricity consumption, to achieve historical best levels.

Baosteel's Energy Efficiency Enhancement Initiatives for 2025

In 2025, Baosteel's bases collectively implemented 87 energy-saving retrofit and low-carbon projects, with a total investment exceeding RMB 3.2 billion. The aggregate energy saving reached 258,500 tons of standard coal equivalent, resulting in a reduction of carbon emissions by 645,000 tons. During the Reporting Period, the energy consumption of Baosteel's steel sector was as follows:

Indicator	Unit	2023	2024	2025
Energy intensity	MWh/t crude steel	4.58	4.50	4.67
Technical energy savings	10,000 tons of standard coal	41.76	37.65	25.85

Energy Efficiency Comprehensive Improvement Project for the Sintering Circular Cooler Units at Baoshan Base

In 2025, the Baoshan Base achieved significant improvements in the energy efficiency of the sintering process by implementing the sintering circular cooler energy efficiency enhancement projects. Following the retrofiting, the specific electricity consumption of the sintering circular cooler decreased by 1.1 kWh/t, the steam output in the sintering process increased by 21.02 kg/t, and the annual energy saving reached 18,300 tons of standard coal.

Equipment Renewal

- Adoption of a swing-arm liquid-sealed ring cooler

Power Optimization

- Implementation of variable frequency drive retrofiting and replacement with low-power fans, alongside the cascaded utilization of exhaust gas from selected exhaust stacks

Thermal System Upgrade

- Installation of new parallel high-parameter superheaters, together with the renewal of high-parameter evaporators, economizers, and boiler drums

Modification measures for the comprehensive energy efficiency improvement project of Sintering Circular Cooler

Integration and Renovation of the Compressed Air System in the Smelting Area of Baoshan Base (Phase II)

To enhance system energy efficiency, the Baoshan Base completed the integration and renovation project of the compressed air system in the smelting area (Phase II) in 2025, establishing a centralized and efficient compressed air supply system covering the entire smelting area of the plant. The annual energy saving of the system after retrofiting can reach 34.14 million kWh; calculated on an equivalent value basis, this is equivalent to approximately 10,900 tons of standard coal.⁶

Establishment of a New High-Efficiency Air Compressor Station

Addition of five high-efficiency centrifugal air compressors and associated treatment facilities.

Integration and Upgrading of Existing Facilities

Equipment renewal, layout optimization, and drying system upgrades were carried out for existing compressor stations in the blast furnace area, sintering area, and other locations.

Implementation of Regional Pipeline Connectivity

New compressed air pipelines were laid to connect with the plant-wide network as well as the networks of the sintering, coking, electric arc furnace, blast furnace, and power plant units, thereby enabling unified dispatch and balanced supply.

Design Proposal for the Integration and Renovation of the Compressed Air System in the Smelting Area (Phase II)

⁶ The caculation of system energy saving is based on the actual energy conversion and utilization efficiency of Baosteel's captive power plant. The energy saving is converted using standard coal conversion coefficients stipulated in national and industry-related standards (such as *General Rules for Calculation of Comprehensive Energy Consumption* GB/T 2589), with the final result expressed in tons of standard coal equivalent (tce).

Energy Transition, Pathway Exploration

In response to global climate challenges, Baosteel has comprehensively reduced its reliance on traditional fossil fuels and effectively decreased greenhouse gas emissions through systematic planning and multi-path implementation. This includes the integrated application of photovoltaic power generation, efficient recovery of waste heat and energy, active procurement of green electricity, and exploration of wind power and energy storage projects, thereby steadily advancing the Company's low-carbon and green transition of its energy structure.

Scaled Application of Distributed Photovoltaic Power

- Investment in photovoltaic power generation construction has been significantly intensified. All bases have fully utilized site space resources to vigorously promote the widespread application of distributed photovoltaics across multiple scenarios.
- By 2025, the Baoshan Base had established the industry's largest distributed rooftop photovoltaic cluster with a capacity of 166MW, generating over 100 million kWh annually; the combined installed capacity at Dongshan and Meishan Bases reached 151MW, with annual electricity generation exceeding 140 million kWh.

Market-based Procurement of Green Electricity

- All bases have actively advanced the process of green electricity procurement and established strategic cooperative relationships with several large central state-owned energy enterprises, thereby ensuring a long-term and stable supply of green electricity resources.
- In 2025, Baoshan, Qingshan, and Meishan Bases collectively completed approximately 1.7 billion kWh of green electricity transactions, while Dongshan Base purchased approximately 2.566 million green certificates.

Exploration of Wind Power and Energy Storage Projects

- The Company is actively deploying wind power projects to construct a diversified renewable energy system and is progressively exploring energy storage technologies to enhance grid flexibility and green electricity absorption capacity.
- In 2025, the 20MW distributed wind power project at Dongshan Base commenced construction, and the energy storage project at Meishan Base was commissioned into operation. The project effectively leverages peak-shaving capabilities to reduce electricity costs and drive green transformation.

Baosteel's Energy Structure Transformation Initiatives



Development and Layout of the Dongshan Base Wind Power Project

The Dongshan Base is actively promoting the development and layout of onshore and offshore wind power projects. In 2025, the base's distributed wind power projects entered the construction phase, with a total installed capacity of 20MW. It is planned that full-capacity grid-connected power generation will be achieved in 2026. Furthermore, significant progress has been made in the construction of the offshore wind power project jointly undertaken by the Dongshan Base and its partners. Currently, the feasibility study has undergone professional review and received approval for the site adjustment plan, thereby laying a crucial foundation for the future large-scale utilization of wind energy at the Dongshan Base.

During the Reporting Period, the utilization of renewable energy within Baosteel's steel segment was as follows:

Indicator	Unit	2023	2024	2025 Target	2025 Actual
Cumulative installed capacity of in-plant renewable energy	MW	369	419	481	488
Generation of in-plant renewable energy	MWh	269,535	359,218	/	349,752
Green power procurement	GWh	1,028	1,917	3,000	1,742
Green electricity certificates	GWh	/	2,566		13,070



The first energy storage project within the Baosteel industrial site



The first wind power project within the Baosteel industrial site

Carbon Capture and Utilization, Circular Economy

To comprehensively establish a resource-recycling industrial system, Baosteel has deeply integrated the concept of circular economy into its operational and development strategies. We actively promote the efficient utilization of iron resources within the dual circulation of internal and external markets. By deepening the recycling and re-integration of scrap steel into production processes, we implement more refined quality-based classification of social scrap steel to increase its proportion of utilization. Concurrently, we have proactively deployed technologies such as Carbon Capture, Utilization and Storage (CCUS), thereby facilitating the transformation of the steel manufacturing process from a traditional resource-intensive model to a closed-loop "Resource-Product-Recycled Resource" mode, systematically reducing the resource and environmental footprint across the entire lifecycle.

Since the launch of the scrap steel recycling project on the user side in December 2021, we have progressively established collaborations with multiple steel-consuming clients. The number of such collaborations has increased annually, with a notably accelerated growth rate. Through the collaborative efforts of multiple departments, including the Raw Material Procurement Center, Marketing Department, and Manufacturing Management Department, the recycling and reuse of waste materials for automotive sheets, silicon steel, container sheets, and home appliance sheets have been jointly advanced.



During the Reporting Period, the scrap steel recycling situation of Baosteel was as follows:

Indicator	Unit	2023	2024	2025
Recycling of scrap steel	10,000 tons	/	1,074	1131
Among them: Recycling within the Company	10,000 tons	/	379	389
Scrap steel purchased from external sources	10,000 tons	714	695	742
Among them: Direct recycling of scrap steel from users	10,000 tons	35.1	60.0	80.6

In the exploration of Carbon Capture, Utilization and Storage (CCUS) technologies, Baosteel has actively engaged in cutting-edge research to investigate feasible pathways for converting carbon dioxide emissions from industrial processes into usable resources, thereby accumulating critical technologies for deep decarbonization within the steel industry. In 2025, Dongshan Base, as a member entity, jointly conducted research on the integrated technology of Carbon Capture, Utilization and Storage (CCUS) in Zhanjiang City to facilitate the implementation of large-scale projects. Concurrently, the Dongshan Base has also conducted feasibility studies on projects such as CO₂ liquefaction for hydrogen-based shaft furnaces and flue gas capture from lime kilns, continuously accumulating technical reserves.

Pilot Project for Carbon Capture and Resource Utilization from Blast Furnace Flue Gas at Dongshan Base

In 2025, the Dongshan Base initiated pilot studies on carbon capture and dry reforming of methane conversion technologies for complex flue gas from blast furnace hot stoves. The project utilized a skid-mounted pilot plant to successfully complete flue gas composition analysis and carbon dioxide capture experiments. It verified the feasibility of the integrated technology for converting captured CO₂ and CH₄ into syngas (CO and H₂) using methane, thereby providing crucial experimental evidence for exploring pathways for the resource utilization of carbon dioxide in steel industry flue gases.

Lean Management, Talent Empowerment

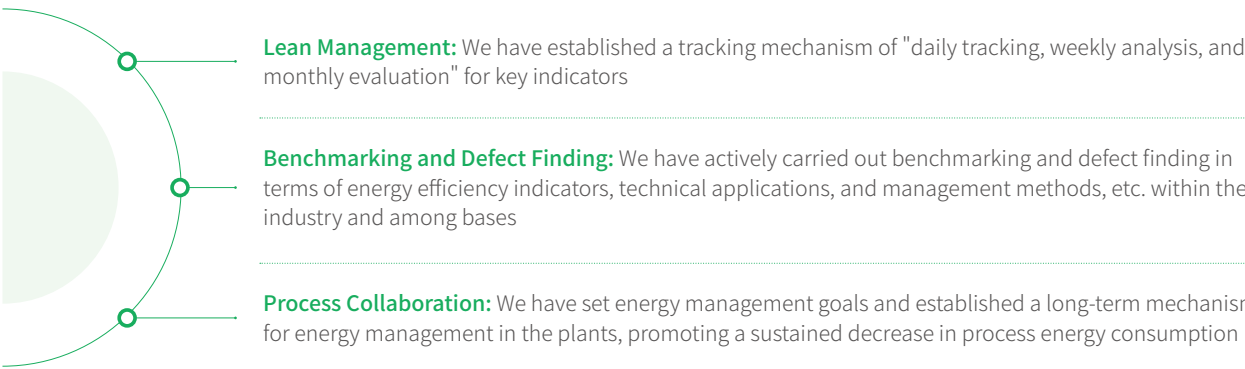
A robust management system and a professional talent pool constitute the cornerstone for ensuring the effective implementation and sustained innovation of the Company's climate strategy. While continuously refining its energy and greenhouse gas management system, Baosteel has focused on systematically enhancing low-carbon governance capabilities and execution through the optimization of management systems, digital empowerment, and talent development, ensuring that all emission reduction targets and measures are implemented in a standardized and efficient manner.

To systematically advance the green and low-carbon transition, Baosteel has started from top-level design to strengthen strategic planning and management system construction. The Company adheres to the management philosophy of 'precision, professionalism, and assertiveness'. Through regular internal audits, cross-site mutual reviews, and acceptance of third-party external supervisory audits, the effectiveness of the system is continuously verified. Closed-loop improvements are implemented in response to identified issues, driving continuous enhancement of energy management performance. In 2025, all major Baosteel plants have obtained ISO 50001 energy management system certification, covering 100% of operational sites.

In terms of management system construction, Baosteel has integrated the concept of refined management into daily operations and established and implemented a series of routine management mechanisms. The Company systematically reviews and summarizes energy consumption management, implementation processes, and energy usage on a regular basis through weekly and monthly reports. Concurrently, the Company has continuously strengthened collaboration across processes, functions, and disciplines, established a long-term mechanism to facilitate the sustained reduction of process energy consumption, and strictly enforced control measures such as shutdown power-off and peak-shaving electricity usage. Furthermore, the Company achieves refined and systematic management of energy consumption and carbon emissions by strengthening energy supervision and continuously improving the energy metering network system.



Baosteel ISO 50001 Energy Management System Certification



Baosteel Energy Management Mechanism

Smart Carbon Data Platform iCD

To enhance management efficiency and the scientific rigor of decision-making, the Company has launched a Smart Carbon Data Platform. The platform leverages technologies such as cloud computing to integrate internal and external carbon emission data. It constructs calculation models to address multiple objectives, including compliance with the carbon market, product carbon footprint accounting, and response to the EU Carbon Border Adjustment Mechanism. Consequently, it provides the Company with a critical quantitative analysis tool and data support for assessing the benefits of emission reduction projects and formulating strategic decisions.



Smart Carbon Data Platform

Carbon Cost Model and System

- Carbon Cost Model: Continuously unlocking the value of carbon data, we developed a carbon cost model to achieve refined and transparent carbon cost management, supporting the Company in reducing carbon compliance costs.
- CBAM Declaration System: We supported base data collection and emissions calculation, facilitating the computation of CBAM declaration data.

Internal and External Carbon Emission Metrics Management

- Dual Control on Carbon Emissions: To implement national requirements for dual control on carbon emissions, the Company leveraged systematic data quantification to support carbon emission control across different processes.
- Integration of Upstream and Downstream Carbon Footprint: The smart carbon data platform extends upstream, linking the carbon footprint of auxiliary materials with the steel manufacturing process. This supported the Company's green sourcing and overall supply chain decarbonization initiatives.

Carbon Emission Management System

To facilitate the Company's low-carbon transition, Baosteel has continued to refine its internal carbon pricing mechanism. In 2025, an internal carbon price of RMB 120 per ton of carbon dioxide has been established to incentivize departments to prioritize the implementation of energy-saving technical retrofitting and maintenance improvement projects, guide resource allocation towards areas with higher carbon reduction benefits, and accelerate the deployment of low-carbon projects. Furthermore, during the Reporting Period, Baosteel has completed the surrender of carbon emission allowances in the carbon market and is not subject to any rectification requirements or formal investigations by relevant regulatory authorities.

Concurrently, Baosteel regards talent as the core strategic resource for driving green transformation and building low-carbon competitiveness. To safeguard low-carbon competitiveness, we attach great importance to talent in the carbon peaking and carbon neutrality domain. We are committed to constructing and refining a talent pipeline within this sector, actively facilitating relevant professionals' participation in professional certification training and career development education related to low-carbon initiatives. This approach aims to continuously enhance the team's professional capabilities, thereby laying a solid foundation of human resources for the Company's long-term sustainable development.



Impact, Risk and Opportunity Management

Proactive and comprehensive risk management is pivotal to enhancing the Company's climate resilience. Baosteel has integrated climate-related risks into its enterprise risk management processes and extended them to the value chain for collaborative management, thereby enhancing resilience and adaptability to climate risks. We have established a cross-functional project team and conduct regular monitoring and evaluation of each project to timely adjust the climate strategy and operational decisions, thereby enhancing the effectiveness of the Company's climate management.



Baosteel's Management Process for Climate Risks

Baosteel has established an integrated risk management system spanning the entire value chain and has achieved end-to-end online operation of company-level risk management business through a digital platform, significantly enhancing management efficiency. On this basis, the Company has established an intelligent climate risk management information system covering multiple sites to continuously and dynamically identify risks related to climate change, thereby providing critical support for strategic and operational decision-making.

Management for Climate Change Risks in the Value Chain

Upstream	Supply Chain LCA Database ■ We establish a supplier LCA environmental performance database, dynamically monitor the environmental standards and requirements of relevant industries, and conduct in-depth assessment and analysis of impacts involved in the supply chain brought by the climate change. ■ We realize online management of carbon data, assign carbon emission labels to all items, comprehensively promote carbon footprint assessment at the supply side, and implement carbon performance grading management for suppliers.	Supply Chain Carbon Verification ■ We make efforts to build a low-carbon management system, improve the low-carbon management module in the procurement system, and conduct a comprehensive survey of the basic data on carbon emissions of major suppliers. ■ We continue to expand the influence of the platform to provide supply chain carbon emission information management services, low carbon solutions, industrial carbon management data, and other related services.
Operation	Carbon Market Management ■ We annually assess the gap between carbon allowances and actual emissions, and develop corporate carbon compliance cost budget for the year accordingly. ■ Based on the results of the budget, we set carbon reduction targets and propose corresponding carbon reduction projects in collaboration with various departments. ■ The energy and environmental protection management departments track the progress of carbon emission-related targets and carbon reduction projects on a monthly basis to ensure that the cost risk is within a manageable range	Responses to Extreme Weather ■ The safety and security departments need to pay attention to and track the weather forecast information of extreme weather in real time. ■ Each plant and department formulate targeted emergency plans based on different levels of extreme weather. ■ The manufacturing management departments organizes regular drills on relevant plans in accordance with the requirements of plan management. ■ All plants and departments cooperate with the Procurement Department to ensure sufficient flood and typhoon prevention materials.
	Policy and Legal Implications ■ We conduct in-depth analysis and assessment of carbon peaking and carbon reduction policies, analyzing their possible impacts on the Company. ■ We carry out SWOT analysis to identify potential strengths, weaknesses, opportunities and risks, thus laying the foundation for the transformation and application of low-carbon technologies.	Low-carbon Technology Transitions ■ We conduct a comprehensive assessment on the inputs and operating costs related to the Company's low-carbon technology R&D, and examine and approve the prioritization of low-carbon R&D funding and key fixed asset investment projects. ■ Based on the established roadmap and implementation plan, we steadily promote low-carbon projects and regularly assess implementation effectiveness and phase-based achievements to ensure the realization of carbon reduction targets.
Downstream	Customer Needs ■ The Marketing Department is responsible for collecting customers' specific requirements for carbon reduction in the supply chain. ■ The Carbon Neutral Office conducts in-depth analysis of the carbon reduction requirement and consults with the customer to jointly formulate and implement carbon reduction plans, in alignment with the Company's carbon reduction timelines. ■ We intervene in the development process of new models for our users, promote the concept of green and low-carbon product design, and work with users to promote the carbon reduction design across the whole supply chain.	

Metrics and Targets

Baosteel has established climate targets that are both ambitious and feasible, and tracks, assesses, and discloses progress through a robust indicator management system to ensure that all initiatives are effectively implemented and yield tangible results.

Climate Targets

Baosteel has actively responded to the national carbon peaking and carbon neutrality strategy. Guided by the overall deployment of China Baowu, it has systematically established phased medium-to-long-term carbon emission reduction targets and is real-time tracking and monitoring the achievement of these targets. Regarding 2020 as the baseline year, we aim to reduce carbon emissions by 8% by 2025, achieve a 30% reduction by 2035 , and strive to reach carbon neutrality by 2050. In 2025, the carbon emission intensity across Baosteel's four bases was 1.96 tons of carbon dioxide per ton of crude steel, representing an 8% decrease compared to 2020 and achieving the planned decarbonization target for the year 2025.

To strictly adhere to national requirements for carbon market data quality management and to ensure the accuracy, comparability, and compliance of greenhouse gas emission accounting, during the Reporting Period, Baosteel systematically updated and standardized key parameters within the carbon emission accounting system, including fossil fuels, in accordance with the *Guidelines for Accounting and Reporting of Enterprise Greenhouse Gas Emissions - Iron and Steel Industry* (CETS-AG-03.01-V01-2024) issued by the Ministry of Ecology and Environment and its accompanying verification technical guidelines.

During the Reporting Period, Baosteel and its major production bases and subsidiaries have established a comprehensive carbon asset management and internal control system in accordance with the *Interim Regulations on the Administration of Carbon Emission Trading* and the relevant provisions issued by the Ministry of Ecology and Environment and the local provincial ecological environment competent authorities. The Company strictly adheres to the Monitoring, Reporting and Verification (MRV) policy. In accordance with the requirements of the *Allocation Plan for Total Quotas and Distribution Scheme for the National Carbon Emissions Trading Market in the Steel, Cement, and Aluminum Smelting Industries for the Years 2024 and 2025*, the Company has completed the surrender of carbon emission quotas required for the verified actual carbon emissions for each corresponding year prior to the deadline of each compliance year.

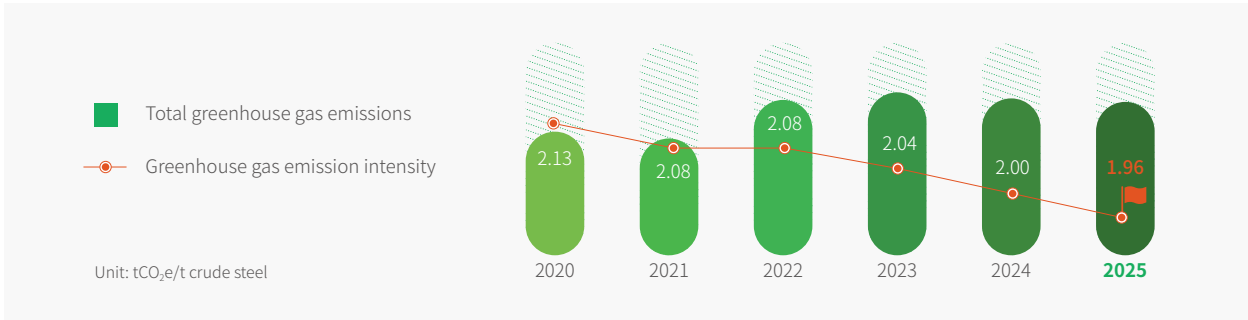


Metric Management

Baosteel has established a comprehensive mechanism for carbon emission calculation and disclosure, and conducts routine tracking, assessment, and management of low-carbon operational performance. The Company strictly adheres to the ISO 14064-1:2018 standard for the calculation of greenhouse gas emissions and has engaged an independent third-party body to conduct annual verification of direct and indirect emissions within its operational control scope, issuing a third-party verification statement. We have comprehensively integrated the concept of green and low-carbon development into all aspects of product research and development, manufacturing production, and operational management, providing full support for the achievement of carbon emission reduction targets.

The greenhouse gas emission⁷ data for Baosteel's four bases, based on market mechanisms, are as follows:

Indicator	Unit	2023	2024	2025
Total GHG emissions (category 1 + category 2)	10,000 tons of CO ₂ e	10,781.1	10,621.7	9,955.6
Direct GHG emissions (category 1)	10,000 tons of CO ₂ e	10,568.5	10,635.3	9,834.6
Indirect GHG emissions (category 2)	10,000 tons of CO ₂ e	213	-13.6	121.0
GHG emission intensity (category 1 + category 2)	tCO ₂ e/t crude steel	2.040	1.996	1.960



Trend Chart of Total Carbon Emissions and Intensity for the Four Bases of Baosteel

The greenhouse gas emission data for Baosteel based on the market approach are as follows:

Indicator	Unit	2023			2024			2025		
		Steel Segment ⁸	Other ⁹	Total	Steel Segment	Other	Total	Steel Segment	Other	Total
Total GHG emissions (category 1 + category 2)	10,000 tons of CO ₂ e	10,902	272	11,174	10739	285	11,024	10,084	297	10,382
GHG emissions (category 1)	10,000 tons of CO ₂ e	10,617	112	10,729	10,681	112	10,794	9,888	117	10,006
GHG emissions (category 2)	10,000 tons of CO ₂ e	285	160	445	58	172	230	196	180	376

⁷ The factors used for greenhouse gas emission calculations are primarily based on the following: the 2006 IPCC Guidelines for National Greenhouse Gas Inventories published by the Intergovernmental Panel on Climate Change (IPCC); the Announcement on the Publication of 2023 Electricity Carbon Dioxide Emission Factors issued by the Ministry of Ecology and Environment of the People's Republic of China; the Collection of Greenhouse Gas Emission Coefficients for the Full Life Cycle of Chinese Products (2022) published by the Institute of Environmental Planning, Ministry of Ecology and Environment; and the Guidelines on Greenhouse Gas Emission Factors for Corporate Reporting published by the UK Department for Energy Security and Net Zero, etc.

⁸ The steel segment includes the four manufacturing bases, Lubao Steel Pipe, Huangshi Coated Plate, Shanghai Baosteel Automotive Sheet Co., Ltd. and other steel manufacturing units, as well as trading, processing and distribution subsidiaries such as Baosteel International and Baosteel America.

⁹ Others: Baosight Software, Baowu Carbon.

Steel sector based on market greenhouse gas emissions:

Indicator		Unit	2023	2024	2025
Category 1-Direct GHG emissions (Scope 1)		10,000 tons of CO ₂ e	10,617	10,681	9,888
Category 2-Indirect GHG emissions (Scope 2)		10,000 tons of CO ₂ e	285	58	196
Category 3-Indirect GHG emissions from transportation		10,000 tons of CO ₂ e	448	482	492
3.1	Transportation of purchased goods and services	10,000 tons of CO ₂ e	312	343	349
3.2	Transportation and distribution of fuel	10,000 tons of CO ₂ e	15	15	9
3.3	Product Transportation	10,000 tons of CO ₂ e	117	119	130
3.4	Employees' commuting	10,000 tons of CO ₂ e	3.98	3.43	2.90
3.5	Business trip	10,000 tons of CO ₂ e	1.33	1.75	1.33
Category 4-Indirect GHG emissions from products and services used by the organization		10,000 tons of CO ₂ e	2,192	2,539	2,392
4.1	Emissions from procurement of goods and services (in relation to manufacturing)	10,000 tons of CO ₂ e	1,876	2,261	2,181
4.2	Capital goods	10,000 tons of CO ₂ e	313	274	206
4.3	Waste disposal	10,000 tons of CO ₂ e	3	4	4
Category 5-Indirect GHG emissions associated with the use of products from the organization		10,000 tons of CO ₂ e	112	141	99
5.1	Companies invested ¹⁰	10,000 tons of CO ₂ e	112	141	99
Sub-total for other indirect GHG emissions (categories 3, 4 and 5)		10,000 tons of CO ₂ e	2,753	3,161	2,983
Scope 3 GHG emissions in the upstream value chain		10,000 tons of CO ₂ e	2,523	2,901	2754
Scope 3 GHG emissions in the downstream value chain		10,000 tons of CO ₂ e	229	260	229
Total GHG emissions		10,000 tons of CO ₂ e	13,654	13,901	13,067

¹⁰ Emissions from investment = share of equity x turnover x emissions intensity of investment by sector.

Ecological Environmental Protection

Safeguarding the green waters and blue skies and building a beautiful China constitute the inescapable era responsibility and core value of Baosteel as an industry transformer. We have thoroughly implemented the national strategy for ecological civilization construction resolutely executed major deployments such as the battle against pollution prevention and control systematically established a comprehensive environmental compliance management system continuously strengthened compliance with pollutant discharge standards promoted resource conservation and recycling actively practiced the protection of ecosystems and biodiversity and contributed Baosteel's strength to building a modern industrial society characterized by harmony between humanity and nature.



Environmental Management

Baosteel adheres to scientific and precise pollution control, and the core principle of "battle against pollution prevention and control and the battle of defending the blue sky and blue water". Through the efficient collaboration of its environmental governance structure and system, it ensures that operational activities at all production bases comply with, or even exceed, national and local legal and regulatory requirements, thereby fulfilling the enterprise's primary responsibility for environmental protection through concrete actions. During the Reporting Period, Baosteel's total investment in environmental protection reached RMB 10.341 billion, of which capitalized project investment amounted to RMB 366 million.

Environmental Governance Structure

Baosteel has established a governance structure with the Strategy, Risk and ESG Committee as the highest decision-making body, and Energy & Environment Council and Department at both the corporate level and production bases for hierarchical management. This has formed an interlinked and synergistic chain of responsibility, ensuring the effective operation of the environmental management system.

Strategy, Risk and ESG Committee	Energy & Environment Council	Energy & Environment Department (four bases)
- Overall leadership, supervision, and review - Major energy and environmental protection decisions - Evaluation and determination of major energy and environmental risks and measures	- Review, supervision and guidance of the 6-year green and low-carbon plan - Strategic communication on sustainable development of steel plants in other cities - The energy management system with "three flows and one status"¹¹ - Unified planning and hierarchical management of environmental protection - Overall management, planning, and coordination	- Local construction of energy system, energy production and supply, energy-saving technologies, and local carbon emission mechanisms - Local management of environmental protection system construction, environmental incidents, environmental monitoring, environmental cost, etc.

Environmental Governance Structure

Baosteel continues to implement the dual-dimensional control mechanism of "Performance + Responsibility". By formulating the *Comprehensive Evaluation Management Standard for Energy and Environmental Protection System Capability* and organizing bases to sign environmental protection target responsibility statements on energy conservation and carbon reduction, key environmental indicators are linked to the performance remuneration of each management layer. Concurrently, the Company strictly enforces the principles of localized accountability and joint responsibility for both Party and government posts as well as dual responsibilities per post regarding environmental incidents in accordance with the *Environmental Incident Accountability Management Standard*, and imposes economic penalties or administrative sanctions on relevant responsible persons based on the severity of the incidents.

¹¹ Three flows and one status refer to Baosteel's internal energy management from such dimensions as manufacturing flow, energy flow, value flow and equipment status based on characteristics of steel enterprise.

Environmental Management System

Baosteel strictly complies with the laws and regulations of the People's Republic of China and local jurisdictions where it operates, including the *Environmental Protection Law of the People's Republic of China*. The Company has formulated and implemented internal policies such as the *Environmental Protection Compliance Management Measures*, the *Energy and Environmental Performance Comprehensive Evaluation Management Measures*, and the *Environmental Protection Incident Accountability Management Measures* to provide scientific guidance for environmental management work. In 2025, each base revised and improved a number of policy regulations, including the *Measures for Environmental Monitoring Management* and the *Standards for Energy Supervision and Assessment*, in light of changes in external regulatory requirements and their own operational circumstances, thereby ensuring the timeliness and effectiveness of the institutional framework.

Furthermore, the Company has adopted the *Green and Low-Carbon Development Plan for Baosteel (2022-2027)* as its guiding framework. Systematically deploying environmental development pathways from a comprehensive and forward-looking perspective, it has fully integrated environmental protection into all value chain stages of production and operations. Through technological innovation, capacity building, and collaborative cooperation, the Company continues to advance the construction of an 'Urban Steel Mill' and ensure sustainable development.

To ensure the effective operation of the environmental management system, Baosteel continues to implement external certification of the environmental management system and continuously improves the construction of the environmental management system in accordance with international professional standards. As at the end of the Reporting Period, all production bases under Baosteel have obtained ISO 14001 Environmental Management System certification. Furthermore, all operating entities of the Company proactively conducted internal audits and accepted environmental inspections from external regulators and third-party bodies. All issues identified during these processes were subject to 100% closed-loop rectification, thereby minimizing environmental risks. During the Reporting Period, Baosteel's major production bases underwent a total of 357 environmental supervision inspections and monitoring activities. No significant environmental risk incidents occurred, nor were there any instances of non-compliance with laws and regulations relating to environmental protection¹².

Baosteel has continued to deepen its green and low-carbon transformation. Significant achievements have been made in areas such as the synergistic enhancement of pollution reduction and carbon emission cuts, maximization of energy efficiency, construction of green factories, and innovation in low-carbon technologies. The Company has received numerous awards and authoritative certifications, demonstrating the responsibility and commitment of an industry leader. During the Reporting Period, Baosteel focused on the research and application of key technologies for lean control of the carbon flow across the entire steel industry chain and was awarded the First Prize in Metallurgical Science and Technology in 2025.

Baoshan Base

- 2025 Metallurgical Science and Technology Award Winning Projects
- 2025 Shanghai Excellent Case of Synergistic Pollution Reduction and Carbon Emission Mitigation
- Blast Furnace No. 4 was awarded the "Champion Blast Furnace" in the 2025 National Key Large Steel Production Equipment Energy Saving and Consumption Reduction Benchmarking Competition
- Demonstration Enterprise for Best Practices in Dual Carbon and Energy Efficiency Benchmarking

Qingshan Base

- Title of Energy Efficiency Leader by the Ministry of Industry and Information Technology
- Purchased and retired 3,031 tons of CCER in 2025 to assist Wuhan Marathon in achieving carbon neutrality
- Green Factory in Hubei Province
- Blast Furnace No. 7 was awarded the "Champion Blast Furnace" in the 2025 National Key Large Steel Production Equipment Energy Saving and Consumption Reduction Benchmarking Competition
- Demonstration Enterprise for Best Practices in Dual Carbon and Energy Efficiency Benchmarking

Dongshan Base

- "Zero-Carbon High-Grade Thin Steel Plate Factory Demonstration Project" was selected for the "List of Green Low-Carbon Advanced Technology Demonstration Projects (Batch 2)" (National Development and Reform Commission)
- Zhanjiang Steel Green Low-Carbon Center (First Batch of Youth Ecological Civilization Education Practice Venues, Ministry of Ecology and Environment)
- 2024 Guangdong Province Key Industry "Energy Efficiency Leader" (Zhanjiang Steel Sintering Process, Converter Process)
- 2024 Guangdong Province Key Industry "Water Efficiency Leader" (Zhanjiang Steel)
- Recognized as a Class A Performance Enterprise for Volatile Organic Compounds in Zhanjiang City, Guangdong Province
- Demonstration Enterprise for Best Practices in Dual Carbon and Energy Efficiency Benchmarking

Meishan Base

- Demonstration Enterprise for Best Practices in Dual Carbon and Energy Efficiency Benchmarking
- Class A Enterprise for Performance Evaluation of Key Industries on Heavy Pollution Weather in Jiangsu Province for 2025



2025 Baosteel Awards and Honors for Environmental Protection

To effectively fulfil the primary responsibility for environmental safety, during the Reporting Period, in accordance with regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Measures for the Environmental Emergency Response Management*, and the *Administrative Measures for Filing of Emergency Plans for Sudden Environmental Incidents of Enterprises and Institutions (Trial)*, Baosteel and all manufacturing bases have completed the preparation, revision, and expert review of the applicable *Emergency Plan for Sudden Environmental Incidents* within their respective jurisdictions, and have duly filed these plans with the local ecological environment competent authorities. Across all bases, practical emergency drills are regularly organized to address key environmental risk scenarios, including hazardous chemical leaks, gas incidents, and abnormal pollutant emissions. These drills continuously test and refine the emergency response mechanisms, the operational capabilities of response teams, and the level of multi-departmental collaboration.

Construction of Environmental Protection Culture

Baosteel focuses on three key areas: technological innovation, capability enhancement, and external communication. It systematically constructs and continuously improves its environmental management improvement mechanism, embedding environmental protection awareness into every aspect of production and operations. This approach steadily strengthens the Company's capacity to fulfil responsibilities, ensuring the effective discharge of environmental obligations to stakeholders. Together with stakeholders, the Company is committed to achieving sustainable development goals.

Technological Innovation

- A lifecycle impact assessment model covering all base hot-rolled, cold-rolled, and silicon steel products has been established. This model encompasses eight categories of quantified environmental impact indicators, including carbon footprint, energy consumption, resource consumption, and ecological toxicity.
- Based on the assessment results, the Company is able to precisely identify the distribution patterns of environmental impacts across various product stages, thereby providing data support for refined and scientific decision-making in environmental management.

Capability Enhancement

- Specialized training on environmental regulations and management practices has been conducted for management personnel to strengthen their performance capabilities and risk identification levels, ensuring the implementation of the principle that environmental management is effectively incorporated into their daily work.
- Regular environmental awareness campaigns and thematic activities have been organized for all employees to continuously enhance environmental consciousness and sense of responsibility.

External Communication

- Regular communication with stakeholders, including government regulatory bodies, industry associations, and customers, is maintained to understand their expectations regarding Baosteel's environmental management work and to facilitate management optimization.
- A community feedback and complaint response mechanism has been established to ensure timely handling, investigation, and review processes. Through continuous interaction, the effectiveness of environmental management and social recognition are enhanced.

Measures to Enhance Environmental Management Capability

In 2025, Baosteel conducted over 40 internal and external environmental protection training sessions, with a cumulative duration of nearly 100 hours, achieving 100% coverage across its four major bases and subsidiaries. Concurrently, each base actively organized multiple community visits and exchange events to proactively demonstrate the Company's practices and achievements in environmental governance, energy conservation and emission reduction. The bases diligently listened to and responded to concerns and suggestions from surrounding communities, thereby continuously building transparent and mutually trusting community relationships.

¹² Two subsidiaries of Baowu Carbon Industry, a diversified segment of the Company, have been subject to environmental penalties. Details are available at the following website: Wuhai Baoqi Carbon Materials Co., Ltd.: <http://111.56.142.62:40010/support-yfpl-web/web/viewRunner.html?viewId=http://111.56.142.62:40010/support-yfpl-web/web/sps/views/yfpl/views/yfplYearReport/index.js&keyword=%E4%B9%8C%E6%B5%B7%E5%AE%9D%E9%AA%90Xinjiang%20Baoxin%20Carbon%20Materials%20Co.,%20Ltd.:> <https://124.117.235.203:9015/index>

Environmental training at Baosteel's various bases

In 2025, Baosteel systematically enhanced the environmental professional competence and compliance awareness of all employees through the organization of a series of thematic training sessions. Each base has conducted diverse and comprehensive internal and external training across multiple domains, including environmental protection policies and regulations, ultra-low emission management, environmental monitoring technologies, and standardized waste disposal. This training covers employees at all levels, ranging from senior management and technical staff to frontline operators. Training actively incorporates external expert resources and encourages the sharing of internal experience, with the aim of comprehensively enhancing the environmental compliance capabilities of all staff. Environmental responsibilities are implemented in every aspect of production and operations to establish a solid talent foundation for the Company's green sustainable development.



Baosteel co-hosted the 2025 Shanghai Changtan Half Marathon

In November 2025, the route of the Shanghai Changtan Half Marathon entered the Baosteel industrial zone for the first time, attracting 6,000 runners to participate. As a co-organizer of the event, Baosteel fully aligned with professional standards in event organization and service support, thereby ensuring the smooth operation of the activity. This distinctive route, which seamlessly integrates natural riverside scenery with modern industrial landscapes, offers runners a unique experience while vividly demonstrating the Company's new development paradigm of harmonious integration between factory premises and the urban environment, as well as between industry and ecology.



Baosteel supports the 2025 F1H2O Powerboat World Championship Shanghai Grand Prix

In October 2025, the F1H2O Powerboat World Championship China Grand Prix was successfully held in the Yangtze River Estuary waters of Shanghai. As a supporting unit for the event, Baosteel fully leveraged its local advantages to provide robust support in formulating the event organization plan, ensuring safety security, and managing emergency response. The hosting of this international top-tier event not only presented a spectacular aquatic sports spectacle for global audiences but also robustly promoted the development and overall value enhancement of the cultural and sports industries in the host region, demonstrating new vitality in the integrated development of industrial waterfronts and urban functions.



Compliant Discharge and Emissions

Baosteel has consistently aimed to establish a "green steel plant" harmonious with nature, continuously refining the three-waste discharge policy and the full-process emission control network, while focusing on implementing comprehensive remediation measures such as clean production technologies. On the basis of ensuring compliant discharge of pollutants, the Company actively explores practices for pollutant emission reduction, is committed to continuously minimizing the impact on the surrounding environment, and achieves a win-win development of ecological sustainability and economic benefits.

Baosteel has persisted in implementing pollution reduction and emission control practices. A total of six targets concerning the discharge of waste gas, wastewater, and solid waste within the steel sector have been established. Progress and effectiveness of emission reduction actions are monitored to promote the harmonious integration of corporate development and ecological environment. During the Reporting Period, no impact was caused by the Company's pollutant emissions on the local community residents.

In 2025, the achievement of Baosteel's targets for the discharge of three wastes is as follows:

Indicator	Unit	2024 Target	2024 Actual	2025 Target	2025 Actual	Completion in 2025
Waste gas						
Sulfur oxides (organized)	tons	7,341	5,981	6,278	6,035	Target reached
Nitrogen oxides (organized)	tons	20,846	18,366	18,919	18,148	Target reached
Dust (organized)	tons	6,139	4,274	4,483	3,741	Target reached
Wastewater						
Wastewater discharge	million m ³	34.65	29.5	32	27.6	Target reached
Chemical oxygen demand (COD)	tons	548	491	532	406	Target reached
Solid Waste						
Solid waste intensity	tons/t crude steel	0.68	0.63	0.68	0.64	Target reached

Note: The scope of the above data covers only Baosteel's four major steel bases and Huangshi Coated Plate and Lubao Steel Pipe.

Wastewater Management

Baosteel strictly complies with relevant laws and regulations and adopts an internal control approach to improve the wastewater discharge management system. The Company has issued binding targets for the total volume of wastewater pollutants and key governance tasks to all units, incorporating relevant performance indicators and project progress into the annual assessment framework. In 2025, the four Baosteel bases collaboratively advanced the work on "compliant discharge of wastewater", effectively ensuring the orderly implementation of the Company's overall wastewater management objectives.



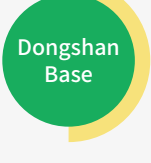
- The project for the supporting silicon steel Phase VI wastewater treatment station of the ultra-high-grade oriented silicon steel green manufacturing demonstration project is being advanced. Upon commissioning, it will achieve zero liquid discharge



- A series of deep treatment and reuse technologies for metallurgical wastewater have been developed, including the recycling of backwash water from circulating water side filtration, the assimilation of coking wastewater processes, and the regeneration and reuse of magnesium sulfate wastewater



- Efficient and mature wastewater treatment facilities have been configured. Random and dynamic monitoring of effluent indicators at corresponding discharge outlets is conducted through manual monitoring and self-monitoring to ensure stable compliance with emission standards



- Utilizing nanofiltration technology for salt separation, reverse osmosis and electrodialysis technologies for concentration, and MVR technology for evaporation crystallization, the base possesses the capability for "zero discharge of the entire process of steelmaking wastewater"

Progress on "Compliant Discharge of Wastewater" Work at Baosteel's Four Bases

Through a comprehensive approach encompassing source reduction, process optimization, disposal upgrades and smart management, we have systematically advanced wastewater reduction practices while ensuring compliance with discharge regulations.

Source Emission Reduction

Reducing wastewater generation at the production source represents the most fundamental and cost-effective approach to pollution control and emission reduction. Baosteel adheres to the principle of "prevention first, combining prevention with treatment" and actively implements wastewater source reduction projects, effectively alleviating the pressure on end-of-pipe treatment and the environmental burden.

In 2025, Baosteel's various bases implemented a series of wastewater source reduction initiatives and achieved significant results:

Through the implementation of 38 wastewater source reduction projects, including the replacement of industrial water pipelines for coking wastewater at the Qingshan Base, the volume of abnormal discharge was effectively reduced by 386 m³/h. Furthermore, rectification works on defects in the rain and sewage diversion system resulted in a reduction of approximately 220 m³/h in secondary pollutant interception at the cascade sedimentation stage. Compared with 2024, the average pollutant interception volume was reduced by approximately 430 m³/h.

The Meishan Base undertakes advanced treatment of domestic sewage to meet reuse standards for supply as industrial water. This process has effectively reduced the abstraction of fresh water while simultaneously cutting pollutant emissions, thereby achieving a dual win in environmental and economic benefits.

The Dongshan Base has vigorously promoted initiatives such as cascaded water utilization and wastewater reduction and recovery. Through measures including enhancing the concentration ratio of the circulating system, implementing cascaded utilization of turbid ring discharge from heavy plate rolling mills, and applying "fixed-point dilution" with pure water in the circulating system, freshwater consumption per ton of steel was reduced to 2.17 m³/ton.

Process Optimization

Baosteel has continued to optimize wastewater treatment and resource recovery processes, establishing a dual-effect enhancement mechanism that synergistically advances pollution control and efficient resource utilization.

In 2025, the Qingshan Base applied a low-temperature vacuum drying process to treat zinc-containing wastewater from plating tanks, achieving harmless treatment and resourceful reuse of the wastewater. Furthermore, the Dongshan Base utilizes a combination of processes including nanofiltration for salt separation, reverse osmosis and electrodialysis for concentration, and MVR evaporation crystallization to treat deep-sea discharge wastewater. Crystalline salts are recovered as by-products for comprehensive utilization, thereby enabling zero liquid discharge across the entire steel wastewater treatment process.

Treatment Upgrade

Efficient and stable terminal treatment of end-of-pipe wastewater constitutes a robust guarantee for achieving compliant discharge. Baosteel continues to upgrade and renovate its wastewater treatment facilities, actively expands deep treatment and reuse technologies, ensures that all discharged water consistently meets compliance standards, and strives to transform wastewater into a utilizable "second water source".

In 2025, the Baoshan Base advanced the supporting project for the silicon steel Phase VI wastewater treatment station of the ultra-high-grade grain-oriented silicon steel green manufacturing demonstration project. By integrating alkaline wastewater treatment, acidic wastewater treatment, deep treatment reuse systems, and concentrated water treatment systems, the project achieved desalination and reuse of wastewater as well as evaporation crystallization of concentrated water, systematically contributing to the achievement of the zero liquid discharge target.

Smart Management

To facilitate the refined management of wastewater, Baosteel continues to promote digital transformation, leveraging data-driven approaches to achieve precise control, intelligent early warning, and decision optimization, thereby comprehensively enhancing the modernization and intelligence levels of environmental management.

Baoshan Base Water Ecological Integrated Control System

In 2025, Baoshan Base established a water ecosystem integrated control system based on the "Cloud-Edge-Device" architecture, leveraging the Baowu Industrial Internet (Xin3Plat). The system has centrally integrated the control systems through comprehensive data connectivity, establishing three technical platforms: Smart Water Trace Cloud Platform, Smart Water Metering, and Smart Wastewater Scheduling. By employing centralized regulation and an internal circulation water volume model, it achieves 'one-network scheduling' for numerous discharge points across the entire plant. This effectively resolves challenges associated with dispersed discharge points and difficulties in maintaining water balance. Furthermore, through intelligent peak-shifting and rotational discharge, it significantly enhances the precision and efficiency of water resource allocation.

Dongshan Base Smart Water System Integrated Control Platform

The Dongshan Base aims for zero liquid discharge by establishing an integrated control platform characterized by safety, centralization, visibility and efficiency. Through centralized monitoring of the plant-wide water system, it consolidates previously discrete operational points to achieve centralized, efficient and intelligent management of the entire water system. Furthermore, the Dongshan Base has promoted integrated collaboration in production operations, equipment maintenance and inspection, and scheduling management through core model application technologies such as digitalization of process flows, big data analytics quantification techniques, and image recognition technologies, thereby achieving refined management characterized by "one map for production monitoring" and "one table for total plant water volume".

During the Reporting Period, Baosteel conducted multiple compliance reviews regarding wastewater discharge and no violations of wastewater management were identified. The wastewater discharge status of Baosteel's four bases, Huangshi Coated Plate and Lubao Steel Pipe is as follows:

Indicator	Unit	2022	2023	2024	2025 Target	2025 Actual	Completion in 2025
Chemical oxygen demand (COD)	tons	664	561	491	532	406	Target reached
Total wastewater discharge	million m³	37	32	29.5	32	27.6	Target reached

Waste Gas Management

Baosteel strictly complies with the requirements of laws and regulations and industry policies, including the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China* and the *Implementation Plan for Ultra-Low Emission Transformation of the Steel Industry*, and continues to deepen its work on waste gas treatment. The Company has fully implemented the "A-grade obtainment and A-grade maintenance"¹³ initiative for ultra-low emissions in the steel industry. It has completed the public disclosure of full-process ultra-low emissions across its four major production bases and established a routine management mechanism. Through the preparation of monthly management reports, implementation of monthly performance assessments, and closure of rectification loops, the Company continues to drive the target of commissioning coking deep governance and transformation projects on schedule.

Continuous equipment upgrades

In 2025, Baosteel continued to prioritize the advancement of ultra-low emissions from waste gas and strictly adhered to the latest environmental protection requirements at both national and industry levels. The Company promoted the efficient and intelligent upgrading and renovation of waste gas treatment facilities across all production bases, thereby laying a solid hardware foundation for comprehensively consolidating the results of waste gas governance.

Baoshan Base

In accordance with policy requirements such as *Opinions on Promoting and Implementing Ultra-Low Emissions in the Coking Industry*, video surveillance and online monitoring facilities were installed at key points. AI large model technology was applied to achieve intelligent identification and rapid response for fugitive emissions from coke oven tops and steel plant rooftops

Meishan Base

Focusing on deep governance of the coking process, comprehensive renovation projects were implemented, including fuel substitution in gas pipe furnaces (switching from gas to steam), governance of total non-methane hydrocarbons and ammonia slip, enhancement of desulfurization capacity for coke oven gas, and installation of new flue gas desulfurization and denitrification facilities for supercritical generating units. These measures promoted ultra-low emissions of waste gas through coordinated efforts at both the source and the end

Qingshan Base

In 2025, priority was given to ultra-low emission renovations for the coking process. The construction of a backup system for flue gas desulfurization and denitrification of coke ovens was completed. Additionally, environmental protection projects such as dust removal for cold rolling units were promoted to effectively improve regional environmental quality and continuously advance waste gas emission reduction work

Dongshan Base

A comprehensive launch of adaptation renovation projects for ultra-low emissions in the coking industry has been initiated. Technical upgrades to the coke oven flue gas purification system have been completed. A more stable and efficient dry desulfurization (SDS) process was adopted to replace the original technology. Simultaneously, the VOCs waste gas collection scheme was optimized, achieving full-process closed-loop recovery of waste gas in relevant operational stages to ensure pollutants remain stably controlled

Ultra-low Emission Management Measures for Waste Gas at Baosteel's Four Bases

¹³ The term "A-grade obtainment and A-grade maintenance" refers to the process of Baosteel's bases achieving environmental performance level A (A-grade obtainment) and maintaining this level (A-grade maintenance) through implementing ultra-low emission transformation and completing assessment and monitoring publicity, and further receiving approval from the provincial (municipal) ecological environment management department to meet the standards for environmental performance level A (A-grade maintenance).

Digital Intelligent Management

Baosteel has actively promoted the digital and intelligent transformation of waste gas management. By integrating intelligent monitoring and precision control technologies, a smart environmental protection management system with industry demonstrative significance has been established. The Company has strengthened emission monitoring by leveraging a centralized control platform, image recognition, and drone surveillance technologies. Furthermore, process control has been optimized through the deployment of an intelligent flue gas oil-contamination recognition models and an automated ammonia injection system, resulting in a significant enhancement in governance efficiency and the level of management precision.

- Relying on the centralized control platform for unorganized emissions, the collaborative operation and efficiency optimization of environmental protection facilities are achieved
- Intelligent identification and real-time warning of unorganized pollution in key areas such as steelmaking workshops and coke oven tops are conducted through image recognition technology
- The drone navigation monitoring technology is employed to precisely locate abnormal emission points of organic pollutants within the factory premises
- The pilot application of the smart fog cannon systems at material yards effectively suppresses dust from stockpiles and improves local air quality

Digital Empowerment of Waste Gas Management at Baosteel's Baoshan Base

Through the systematic advancement of equipment upgrades and digital intelligent control, the emission management efficiency of Baosteel has been continuously enhanced, enabling the steady achievement of annual emission reduction targets. During the Reporting Period, the emissions of waste gas from Baosteel's four bases, Huangshi Coated Plate and Yantai Lubao were as follows:

Indicator	Unit	2022	2023	2024	2025 Target	2025 Actual	Completion in 2025
Sulfur oxides (organized)	tons	7,927	6,556	5,981	6,278	6,035	Target reached
Nitrogen oxides (organized)	tons	21,253	19,845	18,366	18,919	18,148	Target reached
Particulate matter (organized)	tons	6,276	4,725	4,274	4,483	3,741	Target reached

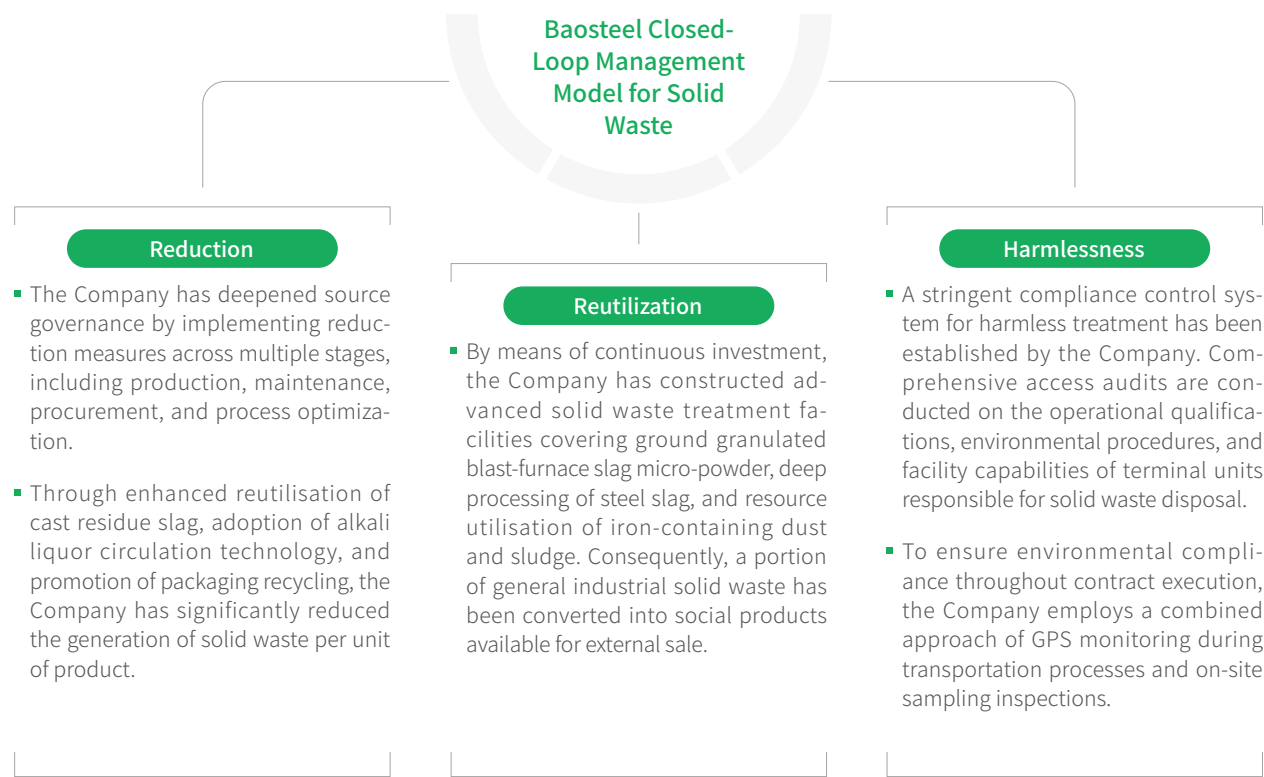
Waste Management

Baosteel regards the full lifecycle management of solid waste and hazardous waste as a critical component in establishing a green manufacturing system and fulfilling environmental responsibilities. The Company continues to deepen the practice of "solid waste disposal at factories". Focusing on three key directions—source reduction, process resource utilization, and end-of-pipe harmless treatment—the Company has systematically advanced efforts across six dimensions: policy improvement, capability building, technological research and development, project implementation, digital empowerment, and supervisory audit. This approach strengthens the management foundation for compliant disposal and efficient utilization of waste.

Baosteel's various production bases actively implemented the requirements of their respective cities regarding the construction of "waste-free city". While ensuring the compliant disposal of self-generated solid and hazardous waste, they proactively assumed social responsibilities. In 2025, a total of 68,000 tons of social solid and hazardous waste were co-disposed. In terms of the construction of "waste-free factory", Baosteel also achieved significant progress in 2025. The Baoshan Base established the China Baowu Solid Waste Utilization and Disposal Center (Shanghai Region), thereby pioneering a new model for exploring facility sharing within the Group, serving the construction of "waste-free city" in the region, and promoting the integration of industry and urban development. In January 2025, the Dongshan Base was awarded the title of one of the first "waste-free factory" in Zhanjiang City. This achievement marks a critical step taken by Zhanjiang Steel in implementing the concept of building a "waste-free city" and advancing sustainable development. The Qingshan and Meishan bases have also advanced steadily in the creation of "waste-free factory", having respectively passed the municipal-level assessments in their respective locations, thereby jointly constructing a "waste-free" creation network covering the Company's major manufacturing bases.

Solid waste disposal

Baosteel has established a systematic solid waste treatment process and management mechanism to ensure that all types of waste are disposed of properly and in compliance with regulations, thereby effectively controlling relevant environmental risks. Furthermore, the Company has made concerted efforts to promote source reduction and resource utilization of solid waste, establishing a closed-loop management model of 'reduction, reuse, and harmless treatment'. In doing so, the Company fully implements green manufacturing principles and steadily advances the construction of "waste-free factory".



During the Reporting Period

The recycling rate of Baosteel's solid waste for production reached

31.42 %

The intensity of solid waste generation was

0.64 tons per ton of crude steel

The volume of scrap steel utilized by Baosteel reached

11.31 million tons

Achieving the target of not exceeding

0.68 tons per ton of crude steel

The comprehensive utilization rate of solid waste remained stable at

99.93 %

Disposal of hazardous waste

Baosteel implements comprehensive lifecycle management of hazardous waste through measures such as strengthening source classification, strict process control, and safe end-of-pipe disposal, thereby effectively managing environmental risks and improving disposal efficiency.

Measures for the Full Lifecycle Management of Hazardous Waste at Baosteel

- Promote the implementation of source reduction projects for process transformation, including the self-utilization facilities for tin-containing sludge and tin-containing waste liquid in cold rolling, as well as the second phase project of acid regeneration in cold rolling.
- Chromium-containing sludge and waste emulsion from the wastewater station shall be maintained at a 100% return rate to sintering plants and power plants for self-utilization. Meanwhile, the continuous promotion of self-incineration disposal of low-flash organic waste liquid in cold rolling is required to reduce the volume of hazardous waste entrusted for external treatment.
- For hazardous waste that must be entrusted for external disposal, the national transfer manifest system shall be strictly implemented. In accordance with the official permitted list, disposal units possessing corresponding qualifications shall be rigorously selected to ensure the legality and compliance of terminal disposal.
- The application of electronic terminal equipment for the inbound and outbound processes of externally entrusted hazardous waste disposal and utilization has been completed, achieving data integration with the municipal bureau's hazardous waste system.
- Comprehensive tracking inspections have been conducted on all suppliers entrusted for external hazardous waste disposal.

During the Reporting Period, Baosteel achieved 100% harmless disposal of hazardous waste. The relevant indicators regarding the generation and disposal volumes of solid waste for Baosteel's four bases, Huangshi Coated Plate and Yantai Lubao are presented in the table below:

Indicator		Unit	2025
Total amount of solid waste generated ¹⁴ (① + ②)		tons	32,427,545
I. Hazardous waste			
① Generation of hazardous waste		tons	435,785
③ Harmless disposal of hazardous waste		tons	434,984
Method	④ Incineration (Non-power generation)	tons	52,721
	⑤ Incineration (Power generation)	tons	11,974
	⑥ Landfill	tons	186.2
	⑦ Comprehensive utilization	tons	370,104
II. General waste			
② Total generation and disposal of general waste (⑧ + ⑨ + ⑩)		tons	31,991,760
Method	⑧ Return-to-production	tons	9,477,872
	⑨ Productization of solid waste products	tons	22,421,215
	⑩ Other methods	tons	92,673
III. Summary of waste disposal methods			
Total waste disposed (② + ③)		tons	32,426,744
Total waste incinerated (④ + ⑤)		tons	64,694
Total waste landfilled (⑥)		tons	186.2
Total waste disposed by other methods (② + ⑦)		tons	32,361,864
Total recycled solid waste (⑦ + ⑧ + ⑨)		tons	32,269,191

¹⁴ Scope of solid waste in the steel segment: Since 2022, the scope has been adjusted from the four bases and Huangshi Coated Plate to include the four bases, Huangshi Coated Plate, and Yantai Lubao.

Resource Management

Against the dual backdrop of resource constraints and corporate green development, Baosteel has established a resource management system through systematic thinking, with a commitment to enhancing resource utilization efficiency and sustainability. The Company has established a comprehensive water resource management system to effectively prevent and control water resource risks while enhancing utilization efficiency, thereby achieving intensive and circular use of water resources. Concurrently, we have fully implemented the 3R principles to advance lean resource conservation and green packaging solutions, thereby achieving a unified balance between economic and environmental benefits while reducing waste and pollution.

Water Resource Protection

Set against the dual backdrop of resource scarcity and corporate green development, Baosteel has constructed a resource management system through systematic thinking, dedicated to enhancing resource utilization efficiency and sustainability. The Company has established a comprehensive water resource management system to effectively prevent and control water resource risks while enhancing utilization efficiency, thereby achieving intensive and recycled use of water resources. Concurrently, we have fully implemented the 3R principles to advance lean resource conservation and green packaging solutions. This approach achieves a unified balance between economic and environmental benefits while reducing waste and pollution.

Water Resource Management Structure

Baosteel recognizes that water resource management poses risks and impacts to stable operations and has established a systematic governance structure. The Company has established a multi-tiered water resource management structure comprising the CEO, the Strategy, Risk and ESG Committee, and the Energy and Environmental Protection Department. This framework clarifies roles and responsibilities, strengthens oversight and execution, and ensures the effective implementation of water resource management measures.



Baosteel's Supervisory Governance Structure and Responsibilities for Water Resource Protection

Water resource risk management

To systematically identify and assess water resource risks within production operations, Baosteel utilizes scenario analysis tools and specialized databases to conduct a comprehensive water risk assessment across the Group and all subsidiaries' operational locations¹⁵. Based on these findings, scientific water resource management strategies have been formulated.

Tool Selection

We conducted our risk assessment using the WWF Water Risk Filter database

Risk Selection

We quantitatively evaluated three types of water-related risks—water scarcity, flood risk, and water quality risk—in the river basins where each of our operational sites is located

Scenario Selection

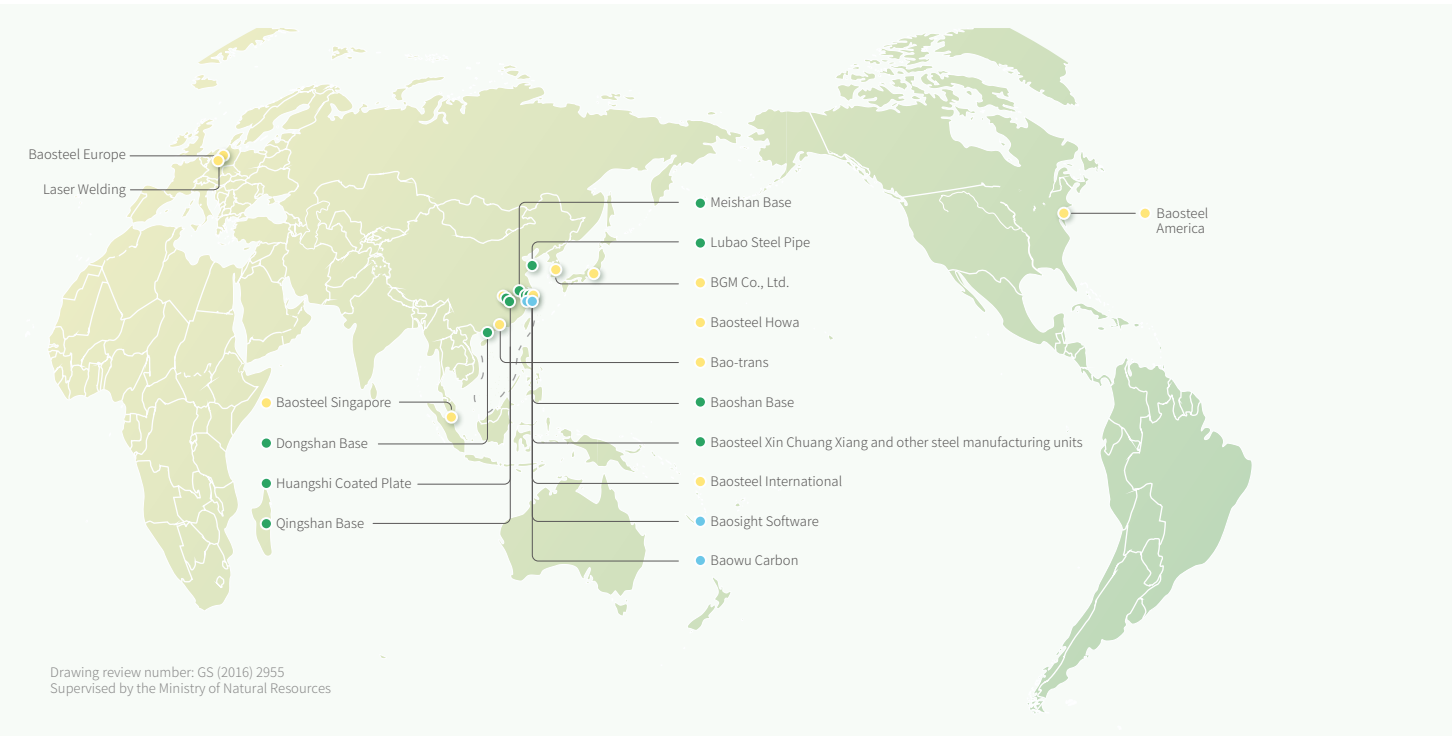
Based on "current scenario", "negative scenario", and "positive scenario" analyses, we projected the various types of water risks that Baosteel's operational sites may face in the future

Risk Results

We assessed the current water-related risks at each of Baosteel's operational sites and categorized the risk levels into three general tiers: low, medium, and high

Risk assessment of water resources

Based on the results of the water resource risk assessment, Baosteel has formulated targeted water resource management plans and implemented scientific and efficient water resource management measures. These initiatives aim to proactively manage and mitigate risks associated with water scarcity, reduce impacts on its own operations and surrounding communities, and provide a solid foundation for the Company's stable operations and the sustainability of the regional water environment.

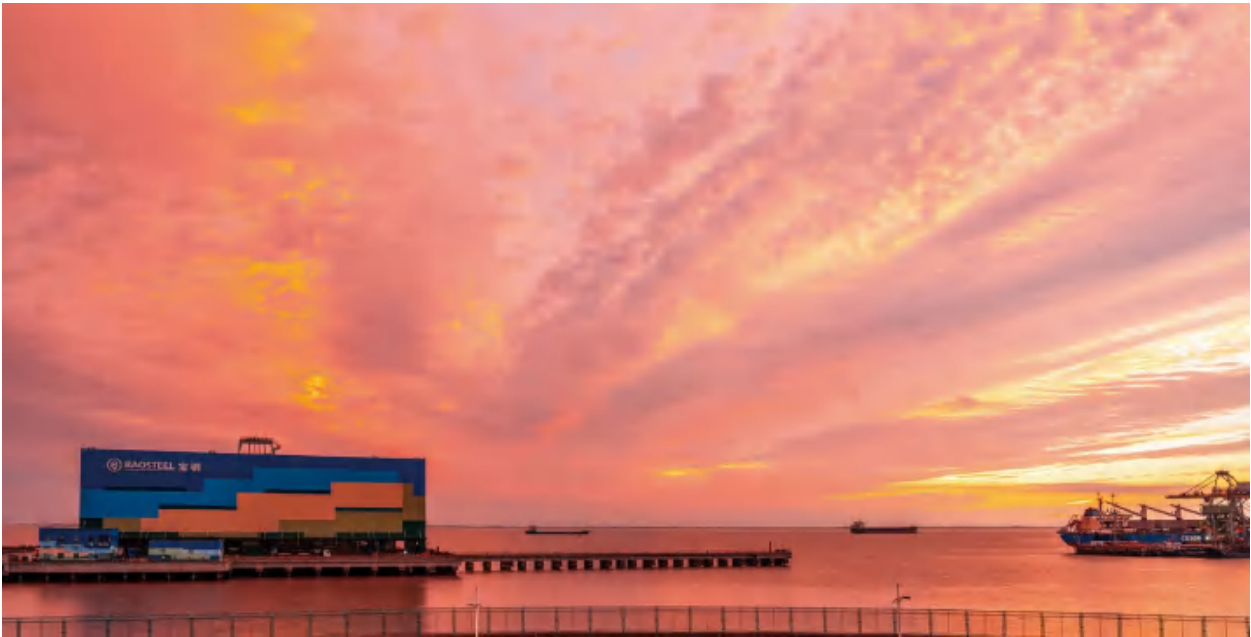


Risk Map of Baosteel's Operating Sites in 2025

¹⁵ This is in line with the scope of the annual report, including Baosteel's wholly owned subsidiaries and key non-wholly owned subsidiaries.

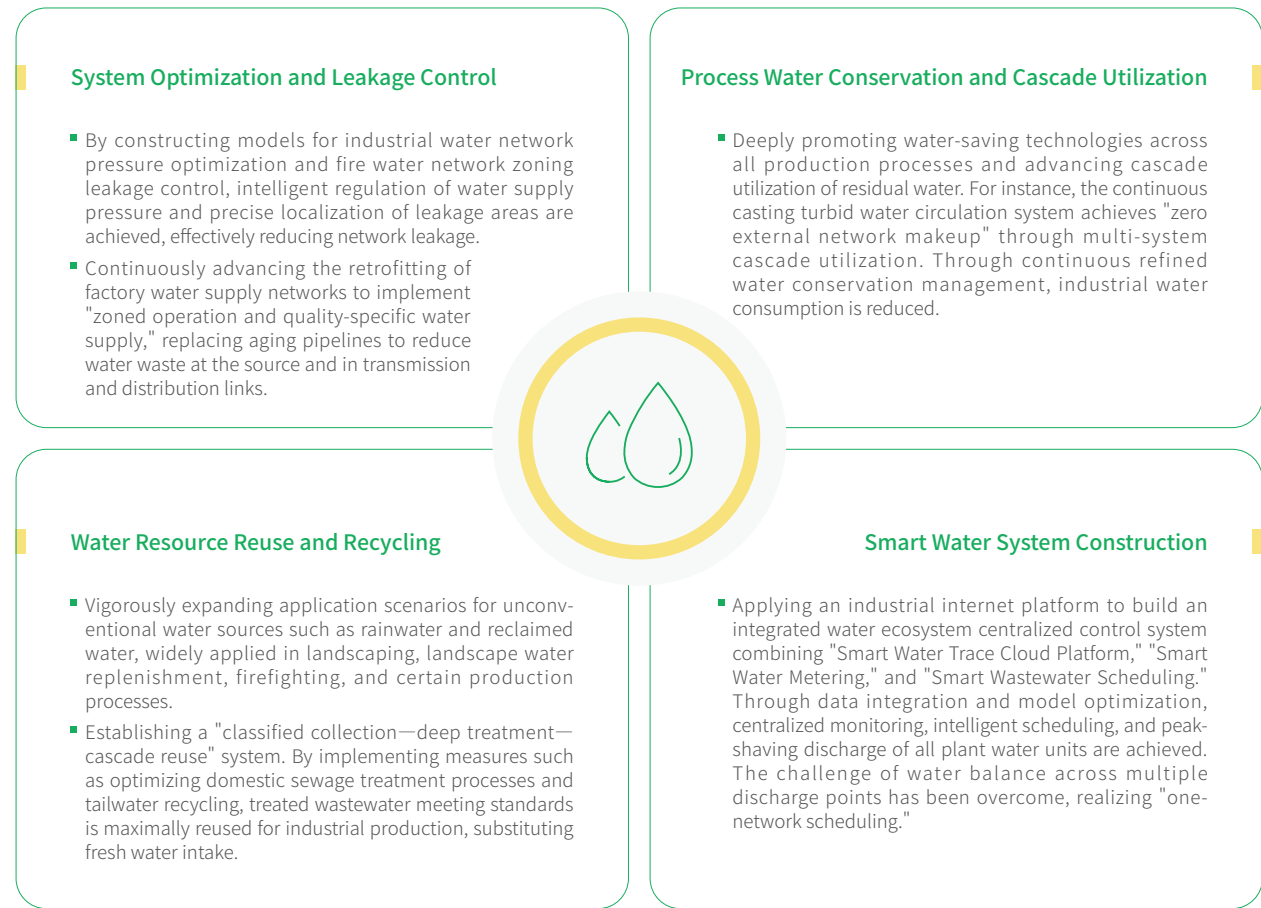
Scenario	2025	2030	2050
Assessment results of water shortage risks	The overall water scarcity risk level is low. Approximately 82.35% of operating locations are at low risk, 11.76% are at medium risk, and 5.88% are at high risk	The proportion of operating locations at a medium-to-high risk level has gradually increased. Approximately 52.94% of the operating locations are classified as low risk, 35.29% as medium risk, and 11.76% as high risk	The proportion of operating sites at a high risk level has further increased. 17.65% of operating sites face high water scarcity risks, 29.41% face medium water scarcity risks, and 52.94% face low water scarcity risks
Baosteel's Management Strategy	Establish benchmark water-saving projects: Actively promote pilot watersaving projects, continue to explore water-saving processes and technological paths, and create benchmark water-saving projects	Comprehensive promotion of water-saving practices: Comprehensively promote benchmark water-saving projects, review and optimize their improvement items, and further improve water efficiency	Create water-saving cluster effect: Collaborate with neighboring communities, partners, and other stakeholders to jointly explore cooperative water-saving models, and reduce water resource risks through water-saving cluster effects
	Regular monitoring: Baosteel strictly complies with relevant requirements of the <i>Measures for the Administration of Water Abstraction Licensing</i> , regularly conducts water balance testing and water price monitoring to determine the spatiotemporal supply and demand distribution of water resources, and comprehensively identifies water scarcity risks on the short-term, medium-term, and long-term full value chain, thereby taking water risk management measures in advance, carrying out daily water resource management, and improving water efficiency		

The assessment results indicate that the flood risk and water quality risk faced by most of Baosteel's operational points are at medium-to-high levels, and it is projected that the risk levels will further increase in the future. To effectively prevent and respond to water resource risks, the Company has established a systematic monitoring mechanism for extreme weather disasters and an emergency response plan (please refer to the "Respond to Climate Change: Strategy" chapter). It continues to refine its wastewater discharge management system (please refer to the "Ecological Environmental Protection: Compliant Discharge and Emissions" chapter), thereby substantially enhancing water resource resilience and actively fulfilling its responsibilities in sustainable water resource management.



Enhancement of Water Resource Efficiency and Recycling

Baosteel has thoroughly implemented the concept of enhancing water efficiency and promoting recycling, adhering to the principles of "multiple uses of one water, graded utilization, and cascade use". Based on the Company's Water Resource Management Strategy 2023-2030, we have coordinated efforts across four dimensions: system optimization and leakage control, process water conservation and cascaded utilization, water reuse and recycling, and the construction of smart water systems. This approach aims to comprehensively unlock water-saving potential and continuously enhance water resource utilization efficiency.



Baosteel's Initiatives for Enhancing Water Resource Efficiency and Recycling

Water Efficiency Enhancement and Circular Practice at Qingshan Base

During the Reporting Period, the Company significantly enhanced water utilization efficiency at the Qingshan Base through systematic technological innovation and refined management. The site has developed and implemented a series of advanced treatment and reuse technologies, including the recovery of backwash water from circulating water side-filtration, the assimilation of coking wastewater processes, and the regeneration of magnesium sulphate wastewater. Concurrently, significant efforts have been made to promote cascading utilization of residual water at the CSP water station laminar flow system, the continuous casting turbid circulation system, and the blast furnace coal washing system, thereby continuously reducing industrial water consumption. Furthermore, in the sintering process, by treating various types of wastewater and reusing it for dust removal and mixed material addition, a year-on-year reduction of 21.27% in industrial water consumption was achieved.

In 2025, the water recycling rate of Baosteel's steel sector reached 98.89%. The Company's water resource indicators are as follows:

Indicator	Unit	2023			2024			2025		
		Steel Segment	Others	Total	Steel Segment	Others	Total	Steel Segment	Others	Total
Total water consumption	million m ³	132.76	/	/	126.44	9.23	135.67	129.90	7.97	137.87
—surface water	million m ³	116.14	/	/	115.38	9.23	124.61	119.84	7.97	127.81
—desalination	million m ³	6.47	/	/	5.41	0	5.41	6.90	0	6.90
—recycled stormwater	million m ³	10.16	/	/	5.64	0	5.64	3.15	0	3.15
Fresh water consumption intensity ¹⁶	million m ³ /t crude steel	2.50	/	/	2.36	/	/	2.54	/	/
Fresh water consumption intensity	million m ³ /t product	/	2.22	/	/	2.11	/	/	2.25	/

Packaging Material Management and Circular Economy

Baosteel adheres to the concept of a circular economy and practices sustainable development through concrete actions. Upholding the 3R principles (reduction, reuse, and recycling), we have continuously enhanced the resource efficiency of packaging materials through measures such as the circular use of packaging and strengthened supplier management, striving to promote harmonious coexistence between humanity and nature.

The packaging materials utilized by the four major bases, including steel plates for internal and external protection, iron corner protector, packaging pad/plastic, and rust-proof paper, all comply with the relevant requirements of the EU Directive 94/62/EC on packaging and packaging waste. Leveraging a comprehensive processing and distribution system, the Company achieves the collection and reprocessing of packaging materials for products dispatched through its own processing and distribution system, thereby upholding our commitment to resource efficiency and environmental responsibility.

The rust-proof paper and binding tape of steel coils

Processed into finished board packaging or packaging materials of small coil materials for reuse in view of actual loss and availability

Packaging iron sheets, protective rings, and plastic gaskets for steel coils

Classified and stacked, and social resources shall be regularly sought for recycling and reuse of them



Processing and Distribution System Achieves the Reuse of Packaging Materials

Recycling of Steel Coil Strapping

Recycling of Steel Coil Corner Protectors

¹⁶ Scope of freshwater consumption: Four bases.

Ecosystem and Biodiversity Protection

Biodiversity conservation is not only an environmental responsibility but also a fundamental basis for the Company's long-term value creation. As a significant enterprise in China's steel industry, Baosteel successfully joined the World Business Council for Sustainable Development (WBCSD) in 2006, becoming one of the first member enterprises from the Chinese steel sector. Concurrently, Baosteel, guided by international benchmarks, has proactively integrated natural capital management into its medium- and long-term strategic development. By benchmarking against the global targets of the *Convention on Biological Diversity*, the risk management framework of the Taskforce on Nature-related Financial Disclosures (TNFD), and the natural capital measurement system promoted by the World Business Council for Sustainable Development (WBCSD), the Company has established a systematic, forward-looking, and quantifiable biodiversity conservation strategy. This initiative charts a demonstrative path for natural governance within China's steel industry.

Strategy

Strategic Vision

Baosteel shall adopt the strategic vision of "an iron and steel enterprise in harmony between humanity and nature" to promote the coordinated development of the industrial production system and the ecological system. While ensuring production safety and enhancing resource efficiency, the Company shall achieve controllable ecological risks, enhanced ecological value, and fulfillment of social responsibilities.



Overall Objectives

By 2035, the Company shall fully establish a nature-related risk management system aligned with the TNFD framework, achieve the "No Net Loss" target for key bases, integrate the concept of natural capital into the Company's decision-making system, and establish a biodiversity management model with demonstrative significance within China's iron and steel industry.



Baosteel's Biodiversity Conservation Strategic Vision and Overall Objectives

2025 serves as a pivotal year for the commencement of strategic initiatives and the establishment of the system framework. The Company will progressively conduct ecological baseline surveys across its four bases, establish a unified data management and indicator system, and initiate pilot projects applying the TNFD LEAP methodology, wherein LEAP denotes "Locate, Evaluate, Assess and Prepare". Furthermore, the Company will, for the first time, systematically disclose nature-related risks and dependencies in its annual ESG Report.

Governance

To ensure the effective implementation of strategy, the Company shall strengthen the management of nature-related issues within the existing ESG governance framework. The Board's Strategy, Risk and ESG Committee has made a commitment to biodiversity conservation, regularly reviews significant nature-related risks and the progress of actions taken, incorporates biodiversity issues into the annual strategic assessment framework, and periodically evaluates ecosystems and biodiversity conservation matters. The ESG Working Group is responsible for coordinating the identification of biodiversity risks and the disclosure of information. The energy and environmental protection departments of each production base have designated biodiversity responsibility officers and established mechanisms for risk feedback and project implementation to realize a three-tier management system comprising "Company-level coordination, Base-level implementation, and Project-level execution". Strategic implementation is ensured through the clarification of responsibilities and the transparency of information.

Identification and Management of Natural Risks

Identification of Natural Risks

Baosteel's production activities are highly dependent on the stable supply of water resources. To systematically identify and manage nature-related risks in operations, Baosteel has steadily advanced relevant risk management work in accordance with the LEAP methodology proposed by TNFD.

Locate: Spatial Positioning and Sensitive Area Identification	Complete the spatial identification of ecological sensitive areas across the four bases and construct GIS maps to clarify the spatial relationships between the manufacturing plants and surrounding protected areas, wetlands, mangroves, and significant water bodies.
Evaluate: Dependency and Impact Assessment	Systematically analyze dependencies on nature and impact pathways, including key aspects such as water withdrawal intensity, wastewater discharge, thermal water discharge, port construction, and solid waste storage.
Assess: Risk and Opportunity Analysis	Conduct scenario analysis regarding potential financial risks and operational risks by comprehensively considering factors such as ecological degradation, tightening regulations, and market transformation.
Prepare: Strategic and Action Plan Formulation	Develop differentiated action plans and quantitative indicators, and incorporate them into the medium-to-long-term planning and annual management systems.

Baosteel has conducted a nature-related risk assessment in accordance with the LEAP methodology of TNFD

Baosteel's four major production bases are situated within two significant ecological zones in China: the Yangtze River Basin Ecological Zone and the Coastal Wetland Ecological Zone. Specifically, the Baoshan, Qingshan, and Meishan bases are located within the Yangtze River Basin Ecological Zone, whereas the Baoshan and Dongshan bases are situated within the Coastal Wetland Ecological Zone (with the Baoshan base positioned at the confluence of these two ecological belts). The Yangtze River Basin Ecological Zone spans plateaus, mountains, plains and estuaries. It undertakes key ecological functions including water conservation, flood regulation, water quality purification and biodiversity maintenance. It serves as a critical ecological security barrier for China and an ecological support belt for economic and social development. The Coastal Wetland Ecological Zone is located in the land-sea interaction zone. It encompasses various ecosystems such as estuaries, tidal flats, salt marshes and mangroves. It constitutes an important habitat for migratory waterbirds, fish, crustaceans, shellfish and coastal characteristic species. Simultaneously, it possesses significant ecosystem services including wave attenuation, shoreline protection, carbon sequestration and storage, pollution purification and disaster prevention and mitigation. Both categories of ecological zones possess high ecological value and significant environmental sensitivity. Consequently, the Company shall promote site-level refined natural management based on the principle of "a unified strategic framework with differentiated implementation across bases". In 2025, the Company initiated a LEAP pilot scheme, with full coverage to be progressively achieved from 2026 onwards.

Common Risks Associated with Biodiversity

Risk	Preventive Measures
Ecological protection red lines and ecologically fragile areas	Strictly comply with the provisions of the <i>Law of the People's Republic of China on Environmental Impact Assessment</i> and its relevant laws and regulations to ensure that the site selection for new projects avoids nature reserve areas.
World Heritage Sites and IUCN Categories I–IV Protected Areas	A comprehensive assessment and analysis of the current status of biodiversity in the areas where operational sites are located shall be conducted in accordance with the IUCN Red List and the National Protected Species Catalogue. Ecological wetlands shall be constructed around the steel plant utilizing by-product resources from the plant to foster synergistic development.
Causing disturbance to wildlife habitats	Collaborating with local monitoring stations to jointly implement species monitoring projects and establish ecological garden factories, thereby creating habitats for various wild animals.
Deforestation and clearing of greenery	Deforestation and damage to greenery are prohibited. Within the factory premises, a multi-layered green ecosystem comprising trees, shrubs, and herbaceous plants shall be established to create an environment conducive to ecological diversity.
Soil erosion	The discharge of waste gases, wastewater and waste materials is strictly monitored and managed to ensure that no adverse impact is caused to the natural ecological environment.
No continuous assessment or insufficient assessment of biodiversity	Regular biodiversity assessments are conducted.



Situated at the estuary of the Yangtze River, Shanghai Baoshan Base, as the first enterprise in China's steel industry to propose the concept of an "ecological garden factory", has adhered to the simultaneous advancement of greening construction and engineering works since its inception. As early as the early 1990s, Baosteel initiated the construction of an ecological garden factory, exploring a development path where industry and ecology coexist within the context of heavy industry. Following over thirty years of continuous development, the base has established a relatively mature greening system and ecological spatial pattern, while accumulating a significant volume of biodiversity observation data. However, against the backdrop of continuous upgrades to the natural governance system, existing monitoring outcomes still require further systematic and standardized processing. The current base has not yet established a comprehensive database system covering all taxonomic groups, all elements, and the entire lifecycle for biodiversity data collection, analysis, and assessment. It is urgently required to conduct systematic surveys and assessments to construct a biodiversity database and digital monitoring platform integrating species surveys, dynamic monitoring, data analysis, and intelligent management. This will provide scientific support for ecological governance in industrial zones and natural risk identification under the TNFD framework.

Baoshan Base has long been committed to biodiversity conservation, having conducted multiple rounds of biodiversity surveys in 1996, 2001, 2006 and 2023.

Year	Research Report	Cooperating Unit
1996	<i>A Modern Factory Returning to Nature</i>	Self-implementation
2001	<i>Research on the Evaluation of Baosteel's Green Space Resources and the Construction of Ecological Communities</i>	Fudan University, East China Normal University
2006	<i>Research Report on Baosteel's Construction of an Ecological Landscape Factory</i>	Self-implementation
2023	<i>Research Project Completion Report on the Construction of a Big Data System for the Assessment of Green Space Ecosystems in the Baosteel Industrial Zone</i>	East China Normal University

In 2025, Baoshan Base invited the Fudan University Biodiversity Survey Team to conduct a systematic survey once again. There are three significant characteristics.

- In terms of plant community composition, the proportion of spontaneous plants in the industrial area is significantly higher than that in the urban area, and the vertical structure of trees, shrubs, and grasses is more complete. In the Shanghai urban area, greenery is predominantly artificially configured with a focus on ornamental value. In contrast, woodland within industrial sites relies primarily on natural regeneration and spontaneous growth, resulting in vegetation characteristics that are more native. This demonstrates enhanced functionality in terms of resistance to disturbance, dust reduction, and ecological protection.
- In terms of fungal diversity, the species richness of fungi in the Baosteel industrial area is significantly higher than the average level observed in survey plots within Shanghai urban areas. This is closely associated with the lower intensity of anthropogenic disturbance and the abundant accumulation of forest floor litter in the region, reflecting a relatively healthy microhabitat for woodland.
- Over 50 new insect species recorded for Shanghai were documented, including the *Elaphe taeniura* (black-browed rat snake), a species not observed in other survey areas within the urban region of Shanghai. These findings indicate that the industrial site has become a significant habitat and refuge for certain rare species within urban areas, demonstrating positive potential for the coexistence of industrial land use and natural ecology.



On-site Survey of Aquatic Organisms

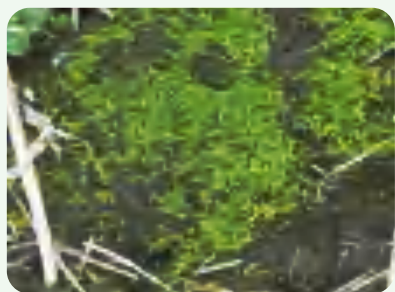


On-site Survey of Terrestrial Organisms

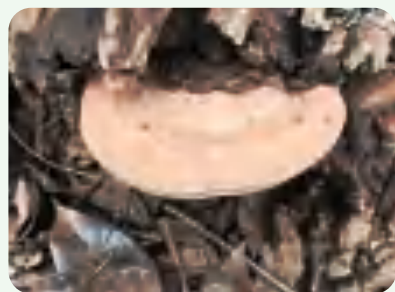
Preliminary results indicate that the base has recorded 267 species of higher plants, 32 species of macro fungi, 274 species of insects, 7 species of amphibians and reptiles, 32 species of birds, and 6 species of fish. Furthermore, the following species with ecological indicator significance have been identified: Glycine soja (a national Class II protected wild plant), Falco tinnunculus (a national Class II key protected wild animal), Ganoderma applanatum, Erinaceus amurensis, and Mustela sibirica. The relevant findings indicate that the Baoshan Base possesses a favorable industrial habitat quality and species carrying capacity. Subsequently, the long-term monitoring mechanism, data integration, and dynamic assessment system may be continuously refined on this basis.



Wild Soybean (National Level II Protected Plant)



Bryum caespitium



Ganoderma applanatum (Near Threatened species on the Red List)



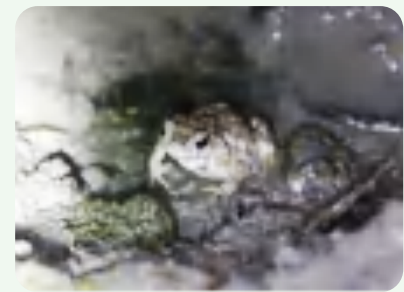
Marasmius maximus



Aegosoma sinicum



Yellow Hooked Butterfly



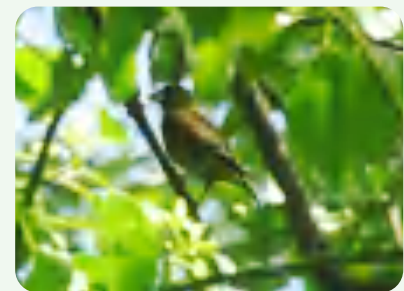
Chinese Toad



Gekko japonicus



Red-footed Falcon (a national Class II protected animal)



Chloris sinica



Erinaceus amurensis



Mustela sibirica

The Dongshan Base is situated within the coastal zone of the South China Sea. Multiple marine and mangrove-related protected areas are distributed in the vicinity, resulting in a high sensitivity of the ecological environment. During the construction and operation of its projects, the Company has strictly adhered to relevant national regulations on marine ecological protection. It has systematically carried out marine ecological compensation and long-term monitoring work, incorporating marine ecological management into the nature-related risk management framework.

Biodiversity Conservation

Baoshan Base	Qingshan Base	Meishan Base	Dongshan Base
Focus on enhancing the quality of the factory ecosystem, establish a long-term monitoring database for birds and flora, upgrade the artificial wetland system, explore methods for natural capital valuation, and integrate ecosystem functions into management decisions.	Conduct the first systematic biodiversity survey, formulate a special protection plan for rare species such as Fraxinus hupehensis, and continuously strengthen the stable operation of the zero-emission system.	Optimize the water intake and discharge structure, enhance monitoring of temperature and water quality impacts, study potential impact pathways on aquatic organisms, and improve water ecological risk management capabilities.	Perfect the marine ecological compensation mechanism, conduct scientific assessments of stock enhancement effects, explore mangrove collaborative protection and blue carbon potential research, and continuously optimize the deep-sea emission monitoring system.

Key Actions for Natural Conservation at Baosteel's Four Bases

Baoshan Base: A Benchmark for Industrial Ecological Transformation and a Demonstration Practice of Natural Capital

Guided by the concept of green circularity, the ecological practices at Baoshan Base have been upgraded from "factory site greening" to "natural capital regeneration". The historically accumulated steel slag yard has been remediated and transformed into the Wusong Paotaiwan National Wetland Park. This park joined the Yangtze River Wetland Conservation Network, jointly initiated by the National Forestry and Grassland Administration and WWF, in 2010, and was selected as a Shanghai Five-Star Park in 2024, becoming a typical case of converting industrial by-products into ecological assets. Through systematic ecological governance, the original production water source, Baosteel Reservoir, has been transformed into a critical habitat for migratory wetland birds. Publicly available information indicates that the habitat covers an area of approximately 6.96 square kilometers. The primary protected species include the Baer's pochard (Aythya baeri), the horned grebe (Podiceps auritus), and the osprey (Pandion haliaetus). In recent years, the Baoshan Base has cumulatively recorded nearly 100 bird species. Furthermore, five species of national Class II protected wildlife, including the common kestrel (Falco tinnunculus), have been identified, alongside over 40 species of migratory birds protected under the Sino-Japanese and Sino-Australian Agreements for the Protection of Migratory Birds. This area has been included in the first national list of *Important Habitats for Terrestrial Wildlife*, further demonstrating the effectiveness of the base's ecological governance. The ecological governance practices at Baoshan Base have achieved synergistic alignment with the regional green and low-carbon strategy, providing a practical model for the industrial hub to achieve higher-quality development.



Wusong Paotaiwan National Wetland Park: Comparison Before and After the Reconstruction of the Steel Slag Yard

Qingshan Base: A Pioneer Demonstration for the Great Protection of the Yangtze River and Systematic Governance of Water Environment

The Qingshan Base formulated and issued the *Yangtze River Major Protection Action Plan*, incorporating Yangtze River ecological protection into the Company's overall development strategy. Cumulative investment in environmental governance projects has exceeded RMB 15 billion. The Qingshan Base has established "Zero Liquid Discharge" as its core engineering objective. By implementing the "Steel Rolling Area Zero Liquid Discharge Center" project, it achieves resource recovery and recycling of wastewater, significantly reducing the risk of external discharge. Furthermore, the Qingshan Base has also implemented environmental protection upgrades for its six riverside wharves, improved the sewage collection and treatment systems for vessels to prevent pollution of the Yangtze River water body from vessel activities, and is committed to establishing a "green benchmark wharf cluster" along both banks of the Yangtze. This initiative integrates industrial port management into the basin-wide comprehensive governance system, thereby reducing ecological disturbance risks associated with transportation along the river.

A pair of spot-billed ducks took flight from Donghu Lake and alighted upon the winding pools of Wugang Wetland Park, where they have since roamed and foraged across this aquatic expanse, resting and playing amidst the reeds along the pond's edge... During the late 1990s, when the ecological condition of Wugang was at its nadir, bird sightings within the industrial zone were virtually non-existent. Who could have foreseen that today, alongside the blast furnaces and adjacent to the factory buildings, a variety of avian species—including spot-billed ducks, pheasants, egrets, hoopoes, and kingfishers—now take to the skies? Wugang Wetland Park is situated within the factory premises, covering an area of 22,000 square meters, of which 4,000 square meters are water surface. reeds, calamus, *Iris sibirica*, water lilies, and *Ceratophyllum demersum* are distributed in a staggered manner along the banks and within the water as ornamental plants.

Fraxinus hupehensis, commonly known as the Hubei ash, is native to Jingshan, Hubei Province. There are currently 19 specimens within the factory premises. *Fraxinus hupehensis* was listed in the *IUCN Red List of Threatened Species* (Version 3.1, 2017) as Endangered (EN); it was also included in the *China Biodiversity Red List - Higher Plants* (dated 2 September 2013) as Endangered; and it was formally designated as one of the second batch of rare and endangered protected plants in China in 1990.



Egrets within the factory premises



Meishan Base: Management of Ecologically Sensitive River Basin Areas and Protection of Aquatic Species

Prior to the commencement of the reconstruction project for the raw material wharf at Meishan Base, a systematic assessment was conducted regarding the impact on fishery resources (Fishery Assessment) and the Yangtze Finless Porpoise (Porpoise Assessment). The work focused on the comprehensive analysis of overall impacts on fishery resources, the evaluation of impacts on early-stage fish populations, and a compliance review against regulatory requirements for the management of ecologically sensitive areas. Furthermore, systematic compensation and mitigation measures were formulated to address potential ecological impacts, thereby establishing an implementation pathway that synergistically advances engineering construction with regional biodiversity control. As at the end of the Reporting Period, approvals from the competent authority had been obtained for both the fishery assessment and the porpoise assessment. The Company has strictly implemented all ecological protection and compensation measures in accordance with the requirements stipulated in the approvals, ensuring that the impact on rare species and important aquatic habitats in the region during the implementation of the project remains under control.



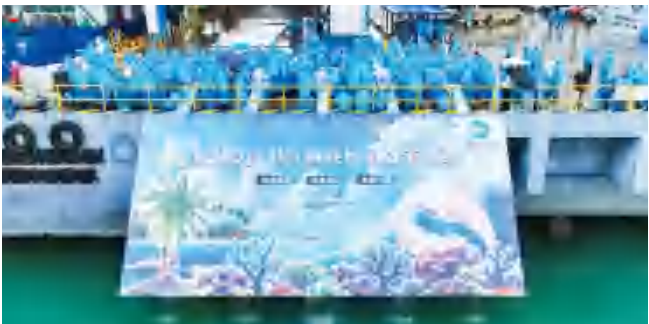
Yangtze Finless Porpoise

Photographed by Ma Jianjun

Dongshan Base: Coastal Zone Ecological Synergy and Marine Natural Capital Management

During the construction and operation of its projects, Dongshan Base has strictly adhered to relevant national regulations on marine ecological protection. The Base systematically carried out marine ecological compensation and long-term monitoring activities, incorporating marine ecological management into the nature-related risk management framework. As at the end of the Reporting Period, the Dongshan Base had conducted two systematic marine ecological compensation (stock enhancement) actions, releasing in excess of 85 million individuals including *Sparus macrocephalus*, prawns and *Tachypleus tridentatus*, thereby establishing a regional scale effect for ecological supplementation. These actions integrate marine ecological compensation with the Company's zero-carbon factory strategy, embodying an integrated approach to "coordinated management of climate and nature".

Over 20 species of "birds protected under the State's Three Categories", including the *Merops philippinus* and white wagtail, were photographed at the steel mill and its surrounding areas.



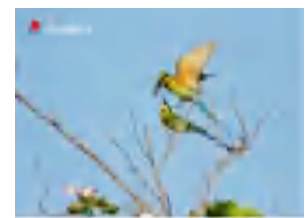
At the all-weather wharf of Zhanjiang Steel, 300,000 juvenile black sea bream and red snapper fry leaped into the sea like raindrops.



Sparus macrocephalus



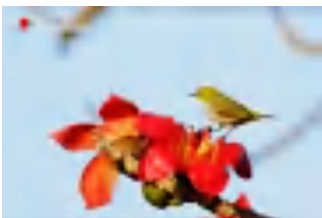
Lutjanus sanguineus



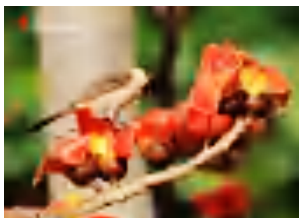
Merops philippinus



Motacilla alba



Zosteropidae



Pycnonotus aurigaster



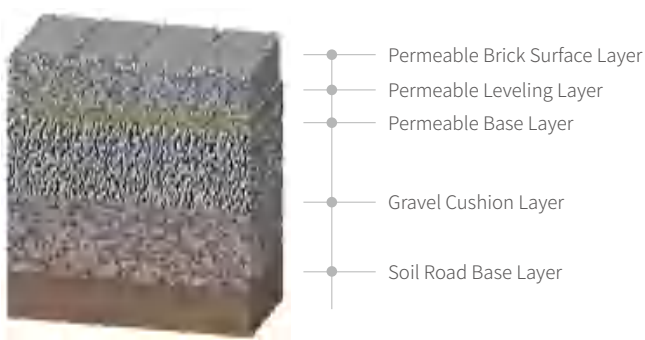
A "Beach Clean" volunteer initiative was launched at the beach of Longhaitian Tourist Area on Donghai Island, Zhanjiang Iron and Steel, Baosteel.

Nature Positive Contribution and Green Value Creation

Against the backdrop of deepening global biodiversity governance and corporate natural disclosure, enterprises are progressively shifting their management of nature from traditional end-of-pipe remediation to the systematic identification of nature dependencies, impacts, risks and opportunities, further extending towards "Nature Positive" contributions and green value creation. For manufacturing enterprises, this not only signifies a reduction in the consumption and disturbance of natural capital such as land, water, and minerals, but also entails transforming ecological performance into resource efficiency, supply chain resilience, brand value, and market opportunities through recycling, product substitution, ecological restoration, and technological innovation. Based on this logic, Baosteel has developed a typical practice regarding the resource utilization of steel slag that combines ecological and economic benefits.

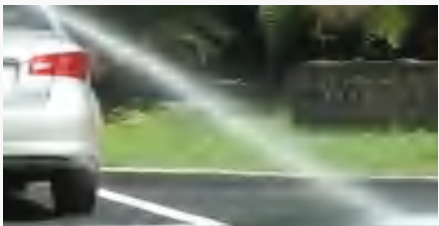
Baosteel has transformed steel slag, following secondary treatment processes including crushing, screening and stabilization, into products such as micro-powder, steel slag aggregate, steel slag molding sand and special concrete, thereby achieving productized

utilization. This marks the Company's transition from a traditional pollution control logic to an industrial model innovation oriented towards synergistic value creation with natural capital. The steel slag permeable concrete and pavement brick system achieves the transformation of industrial by-products into ecological infrastructure materials by substituting natural aggregates at a high ratio, enhancing urban hydrological and ecological functions, and reducing upstream pressure on mining and sand extraction. This establishes a green growth pathway where environmental performance and economic benefits proceed in parallel.



Steel slag permeable concrete system structure High-strength high-permeability pavement system with steel slag content exceeding 70%

Pyramid-shaped pore structure: The cushion layer possesses large pores, the structural layer medium-sized pores, and the surface layer minute pores. This pyramid-shaped pore structure, characterized by small pores at the top and progressively larger pores towards the bottom, ensures efficient water permeability. The strength grade can reach Cc40 or above, with a permeability rate maintained at 3.0×10^{-2} cm/s, combining high strength and high permeability.



Application Scenarios for Steel Slag Concrete



2010 Shanghai World Expo Plaza: 91,000 m²



Shanghai CIE Venue Surroundings: 1,000,000 m²

The natural positive contribution of the steel slag permeable concrete system possesses quantifiable ecological value and potential financial implications. Based on product technical parameters and utilization scale calculations, assuming an annual steel slag resource utilization of 30 million tons, with a steel slag incorporation rate exceeding 70%, an equivalent substitution of approximately 30 million tons of natural aggregates can be achieved. This would annually restore groundwater by approximately 760 million tons and reduce coal consumption by nearly 170,000 tons. This alternative scale implies a significant reduction in the demand for river sand extraction and quarrying operations, thereby alleviating the pressure on disturbance to basin habitats, riverbed structures, and mountain ecosystems. From the perspective of natural capital, this initiative is equivalent to reducing the consumption of upstream ecological assets, thereby assisting in mitigating future potential ecological restoration costs and policy constraint risks. At the water ecosystem level, the permeability performance of the steel slag permeable system is significantly superior to that of traditional permeable materials. Its coefficient of permeability can reach 1.2 m/s, with certain high-strength products exceeding 2.4×10^{-2} cm/s. This performance advantage confers significant ecological benefits within urban flood and stormwater management systems, including enhanced groundwater recharge capacity, reduced intensity of surface runoff, and diminished risk of direct pollutant discharge into water bodies. From the perspective of financial risk, such ecological infrastructure assists in mitigating pressure on urban drainage systems under extreme climatic conditions, thereby reducing associated public governance costs and potential environmental liability risks.

Metrics and Targets

Baosteel shall adopt the TNFD logic and, in conjunction with the identified key nature-related dependencies, impacts, risks, and opportunities, further upgrade its original directional indicator statements into a matrix management framework structured as "Key Issues – Dependencies/Impacts – Risks/Opportunities – Factors and Events – Business Impacts – Corporate Strategy". This framework balances unified disclosure at the Company level with differentiated implementation across the four bases, thereby providing support for subsequent TNFD-aligned disclosures, base performance tracking, and annual ESG reviews.

Baosteel Natural-Related Indicators and Targets Matrix

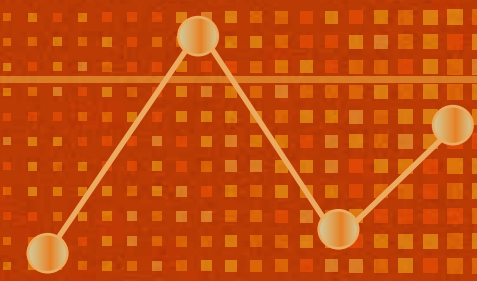
Key Issues	Dependencies/Impacts	Risk/ Opportunity	Factors and Events		Business Impacts	Corporate Strategy
Company Direct Operations: Water Pollution and Water Resource Management	Water environment (Impact); freshwater resources (Dependency) and water resource utilization (Impact)	Physical risks (Acute/ Chronic) and transition risks	Exceedance of wastewater discharge standards, leaks, and increased load on environmental protection facilities due to extreme weather, alongside constraints on basin water resources, stricter regulation of water abstraction and discharge, and heightened requirements for ecological protection.		Increased governance and compliance costs; impact on production continuity during periods of water scarcity or when treatment facilities are operating below capacity; and potential exposure to penalties, accountability measures, and reputational risk.	- Key Performance Indicators: Number of Major Environmental Incidents, Compliance Rate of Wastewater Discharge, Water Abstraction Volume, Water Intensity per Ton of Steel, Water Recycling Rate, and Utilization Level of Unconventional/Recycled Water. 2035 Targets: Maintain zero major environmental incidents; ensure stable compliance of wastewater from key bases; maintain the Company's water recycling rate at a high level with continuous optimization; and continuously reduce water withdrawal intensity at key bases. - Progress management approach: real-time monitoring, annual water efficiency audit, dual reporting of incidents, quarterly review, and ledger management for key projects.
Base Ecosystem: Habitat and Species Monitoring	Terrestrial and freshwater ecosystems (Impact)	Transition Risks (Regulatory/Reputational)	Requirements for the protection of habitats within the industrial site and its surrounding areas have been enhanced; however, continuous assessment remains insufficient, and long-term tracking data for key species and their habitats are lacking.		It impacts project compliance approval, stakeholder perception and the quality of voluntary corporate disclosure; where monitoring is insufficient, trends of ecological degradation may not be identified in a timely manner to enable corrective measures.	- Key Performance Indicators: Completion rate of ecological baseline surveys across four bases; number of long-term monitoring plots/transects; number of protection projects for key species and important habitats. 2035 Target: Comprehensive coverage shall be achieved for the ecological baseline survey of four bases, the database, and the annual update mechanism, with continuous monitoring mechanisms established for key bases; by 2035, it is strived that 'no net loss' is achieved for key bases. - Progress management approach: third-party investigation and assessment, annual updates, key species list management, and thematic reviews.
River Basins and Coastal Zones: Protection and Compensation of Key Ecological Areas	Ecosystems of the Yangtze River Basin and Coastal Wetlands (Impact)	Physical risks (Chronic) and reputational risks	The operation of riverside wharves and water intake/outfall points, the disturbance caused by thermal discharge and water-related engineering works, the uncertainty regarding the effectiveness of marine ecological compensation, and the continuously increasing requirements for the protection of key species and sensitive areas.		Increased project approval, monitoring and compensation costs; disturbance to key habitats or significant species may impact trust from the Government, communities and the public.	- Key Performance Indicators: Implementation rate of fishery assessment, dolphin assessment and marine ecological monitoring; scale and effectiveness evaluation of stock enhancement; number of ecological restoration projects in key water bodies and coastal zones. 2035 Target: Normalize the ecological monitoring and compensation mechanisms for key bases along rivers and coasts; shift stock enhancement from "implementation volume" to "outcome assessment plus adaptive optimization"; and explore synergistic mangrove conservation and blue carbon potential research. - Progress management approach: Special monitoring reports, annual re-evaluation, and regulatory approval requirements must be implemented in a closed-loop manner.
Green Value Creation: Nature-Positive Products and TNFD Disclosure Capability	Natural Capital and Ecosystem Services (Opportunities)	Transition opportunities (Products, Services, Reputation)	An increase in demand for naturally positive and low-impact materials and ecological infrastructure; investors and customers are placing increasing emphasis on disclosure of nature-related information.		Promote the resource utilization and ecological expansion of steel slag products to enhance brand image and customer recognition; following the enhancement of disclosure capabilities, this will facilitate improved financing and cooperation terms.	- Key Performance Indicators: Volume of steel slag resource utilization, volume of natural aggregate substitution, area/projects utilizing naturally positive products, and coverage of TNFD assessment and disclosure. 2035 Target: Establish a natural positive performance assessment framework for by-product resources such as steel slag, continuously expand typical ecological application scenarios, and achieve full coverage of disclosure on key nature-related issues at major bases. - Progress management approach: product application register, quantitative case assessment, annual ESG disclosure review and regular board deliberation.

The aforementioned indicator system shall be advanced in accordance with the "Company-wide standardization – Base-level decomposition – Annual assessment" approach: during 2025–2026, priority shall be given to pilot assessments, baseline surveys, and ledger establishment; during 2027-2030, a unified indicator baseline, database, and closed-loop management of key topics shall be completed, with full coverage achieved for natural-related key topic management and disclosure at key bases; by 2035, efforts shall be made to achieve the No Net Loss target at key bases.



03 Social

Baosteel has consistently regarded the optimization of customer service and the safeguarding of employee welfare as key elements for the enterprise to achieve steady and sustainable development. We remain committed to excellence in product quality as our foundation, leveraging relentless research and innovation to lead industry development. Simultaneously, we actively engage in community public welfare initiatives, effectively fulfilling our social responsibilities and uniting multiple stakeholders to build a harmonious future of enterprise-community integration.



A Major National Project

Baosteel has consolidated the foundation of quality management, optimized its product strategy layout, driven the engine of technological innovation, and comprehensively elevated the level of intelligent management. We collaborate deeply with upstream and downstream entities within the industrial chain to construct a mutually beneficial and win-win ecosystem, jointly forging national strategic assets and empowering high-quality development of the national industry.

Quality Assurance

Baosteel has established a rigorous quality management system and end-to-end control procedures, deepened the culture of quality awareness among all employees, strictly adhered to the quality red line, and safeguarded the superior quality of its products. The Company has earned the trust of its customers through reliable delivery, laying a solid foundation for its long-term development.

Quality Management System

Baosteel adheres to a quality-first strategy and has established a management system covering the entire product lifecycle. The Company strictly complies with the requirements of laws and regulations, including the *Product Quality Law of the People's Republic of China*, formulates and rigorously enforces a series of quality management policies to ensure the dynamic optimization of its management mechanisms. In 2025, Baosteel completed the revision and upgrade of 16 product quality policies. Relying on refined control throughout the entire process, zero safety incidents were achieved for the full year, thereby establishing a differentiated competitive advantage through stable and reliable products and services.

Baosteel implements full-process quality control from raw material entry to finished product dispatch. Through unified standards, collaborative mechanisms and information sharing, the stability of product quality is ensured. On this basis, Baosteel has deepened the synergistic effects of its "One Company, Multiple Bases" quality management model. In accordance with the "Four United" requirements—namely, "united language, united standard, united platform, and united culture"—the Company continues to advance the enhancement of its quality management capabilities.

Quality Management Model for Multi-Site Operations

- An organizational structure for advancing corporate standardization shall be established with the Standardization Promotion Committee at its core. The Committee shall exercise its coordinating and synergistic functions to mobilize resources across the Company, thereby fostering collective efforts to promote high-quality and systematic development of standard management. Conduct high-level standardization planning to effect a transition from "implementation quantity" to "strategic leadership, business support, cohesion building, and value creation". In terms of standard-led development, expand influence, gain control of the discourse power, establish competitive barriers, and consolidate market advantages. Promote the integration of standardization work into the Company's operational activities to demonstrate the value creation inherent in standards. Promote the continuous deepening of the integrated quality management model.
- Establish a quality management platform to continuously enhance the manufacturing capabilities of all bases. Benchmarking exercises to identify gaps, mutual exchange of best practices, and collaborative problem-solving on common issues shall be conducted across bases. This will continuously enhance the process capabilities and specialty steel manufacturing capabilities of each base, improve the physical quality of products, and increase customer satisfaction. Advance cross-site production and sales coordination to maximize the distinctive characteristics and advantages of each site's production lines, leveraging strengths while mitigating weaknesses to achieve complementary drive, minimum costs, and maximum efficiency.
- Promote the unification of management models and processes for similar quality management business within the Company. Plan and progressively advance the integration of quality management documentation across the Company to achieve uniformity in quality management models and processes at all bases. Sixteen management documents and standards, covering process quality management, product audits, third-party certification of steel products, packaging quality of steel products, technical change management, and standard management, have been elevated from base-level to the Company level. Furthermore, to achieve the standardization of technical terminology, a core technical indicator system for scrap, inferiority and downgrading was established. This initiative unified the nomenclature, definitions and statistical logic of indicators across all bases, which were subsequently embedded within the manufacturing management system.

A Single Base Mode

It emphasizes the collaboration of upper and lower processes centered on products and the collaboration of production, sales, and research centered on users, and pursues a lean, efficient, and flat management system.



Multi-Base Mode

It emphasizes location-based coordination, product coordination, and production coordination. It also emphasizes multi-manufacturing-base management capabilities to integrate resource allocation from a strategic perspective, improve management efficiency, and create business value.



Single-Base Quality Management Model

Baosteel has established a three-tier quality management inspection system comprising "Company - Department – Operation" to ensure the efficient operation of the management system through a clear hierarchical structure with well-defined responsibilities and authorities. We have established a closed-loop quality management mechanism covering the entire process, implementing an operational model of "daily reporting, weekly review, monthly analysis, and annual coordination". This entails reinforcing the preventive system construction through daily morning adjustment meetings, weekly summary reviews, monthly analysis sessions, and annual quality activities. A control framework of "daily monitoring plus multi-level review" has been constructed to ensure that there are no blind spots in quality control.

Baosteel has promoted the regular conduct of external audits and certification of quality management systems across all production bases. Comprehensive inspections have been carried out to identify weak links in management, strict rectification closed-loop mechanisms and effectiveness verification have been implemented to ensure the suitability, adequacy and continued effectiveness of the system. During the Reporting Period, Baosteel Headquarters and all production bases obtained external certification under the ISO 9001 Quality Management System. All factories supplying automotive steel sheets have been certified in accordance with IATF 16949.

Meanwhile, in 2025, Baosteel's various products successively obtained multiple domestic and international certification qualifications, ensuring that product quality continues to comply with industry standards and customer expectations.

Baosteel Product Quality Certification	
Japanese JIS Mark Certification	Indian BIS Certification
API logo certification by the American Petroleum Institute	Indonesian SNI Certification
EU CE Certification	Malaysia SIRIM Certification
UK CPR Certification	Thai TISI Certification
Nigeria SONCAP Certification	Manufacturing license for special equipment (pressure pipeline components)
National Industrial Product Production Licensing	Certification of steel plates for use in boilers and pressure vessels
Scrap Steel Ratio and Product Carbon Footprint Certification	Certification of Green Building Materials Products in China
Certification of Green Design Products	Certification of Recycled Materials
Certification for Low-Carbon Steel	

Quality Risk Control

Baosteel's quality risk control management spans the entire chain of "Identification - Assessment - Control – Improvement", aiming to continuously enhance the market competitiveness of its products and consolidate the foundation for high-quality development. We have integrated quality risk management into the contract acceptance, assessment, and design phases to prevent quality risks arising from design defects at the source and enhance the effectiveness of prevention and control at the design interface. For "Four New" business activities encompassing new customers, new scenarios, new requirements and new production lines, we have implemented a customized control scheme covering the entire lifecycle from user identification to requirement alignment and after-sales follow-up, ensuring quality control across all business scenarios.

Management of the "Four New" Quality Risks



Baosteel has deeply empowered digital transformation by establishing a smart quality management platform oriented towards "product operations". The Platform focuses on three core areas: execution of product quality, real-time process monitoring, and intelligent data analysis. This enhances the precision of identifying quality defects and the efficiency of tracing them within the production process, thereby promoting process optimization and the application of flexible manufacturing technologies. Concurrently, we have established a fusion system integrating APQP (Advanced Product Quality Planning) with metallurgical specifications and a digital control plan, thereby achieving precise control over process parameters and technical specifications across all manufacturing stages, effectively minimizing quality losses at the source. In 2025, Baosteel achieved significant results in key product areas including silicon steel, thick plate, bearing steel, hot-rolling, and pickled products. The occurrence rates of scrap, substandard, and downgraded products, as well as spot goods, improved by 7.5% and 10.6% respectively compared to 2024, achieving a dual enhancement in quality control and operational efficiency.

Baosteel Qingshan Base has Applied the FMEA Quality Management Tool

In 2025, the Company adopted "preventive quality system construction" as its core theme, introduced FMEA (Failure Mode and Effects Analysis) software tools, and leveraged digital intelligence transformation to drive the iterative upgrade of process control and quality diagnostic capabilities. By implementing the digitalization of the hot rolling process control plan and deploying an AI-based abnormality diagnosis system, the base has established a "Sensing - Warning - Decision-Making – Optimization" intelligent quality chain, achieving an effective closed loop from hazard identification to process intervention. The relevant measures have effectively promoted efficiency improvements and cost optimization, providing a digital intelligence practice model for quality control.

Practices in Quality Control Empowered by Big Data and AI at Baoshan Base

The Company's Baoshan Base leverages big data and artificial intelligence technologies to establish a robust foundation for high-quality datasets, systematically refines the CP control plan and cross-process SPC monitoring system, and solidifies the basis for precise decision-making and process execution. The base achieves second-level collaborative response through cross-process data interconnectivity and establishes closed-loop management from risk identification to disposal by integrating traceability analysis models and AI-driven abnormal material handling mechanisms. The intelligent quality control system has effectively enhanced process stability and product consistency, providing a practical model for quality upgrading in the steel industry.

In respect of supplier quality management, strict admission criteria, full-chain monitoring and collaborative improvement are upheld concurrently to perfect the procurement supply chain quality assurance system and effectively enhance supply chain quality resilience. We focus on key materials and implement an annual tiered quality sampling scheme covering multi-dimensional cycles including batches, months, quarters and years. In 2025, Baosteel completed a total of 7,918 material spot checks, achieving a first-pass acceptance rate of 98.4%. Among these, the qualification rates for key raw materials, including alloys, refractories, mold fluxes, and steelmaking auxiliary materials, all met or exceeded annual targets, thereby solidifying the quality foundation for stable supply to the production end.

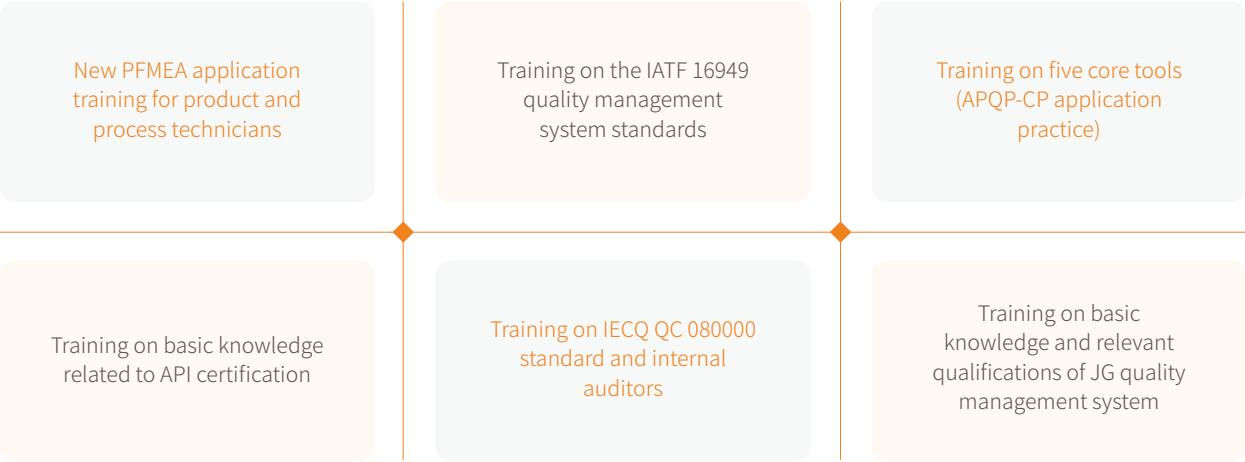
Furthermore, Baosteel has established and improved a food safety management system and a product recall mechanism to prevent safety risks arising from excessive residues or contamination in packaging materials used for food. We have standardized the product recall disposal process. Upon identification of any issues, we immediately trace and locate the affected scope and notify users to isolate the products. A safety assessment is conducted for products from the same batch, those manufactured using the same process, and those with potential risks. Warnings shall be issued and recalls implemented where necessary to effectively mitigate risks and safeguard public health. Concurrently, Baosteel regularly conducts system effectiveness verification and annual emergency drills to ensure that the response mechanism is agile and effective. In 2025, the Company recorded no product recalls or negative events concerning product quality and safety; the system operated in a stable and effective manner.



Quality Training

Relying on quality management standards and focusing on annual objectives, business development, and competency requirements for roles, Baosteel has consistently conducted quality knowledge training, specialized education on job skills, and practical exercises. This initiative has steadily enhanced employees' core operational capabilities and deepened the culture of quality. Concurrently, leveraging the "Quality Month" initiative, we have promoted the progressive enhancement of employees' quality awareness and practical capabilities, achieving a simultaneous improvement in quality literacy and performance effectiveness. This lays a foundation of talent and culture for the continuous improvement of the Company's quality management.

Baosteel Key Quality Training Programs



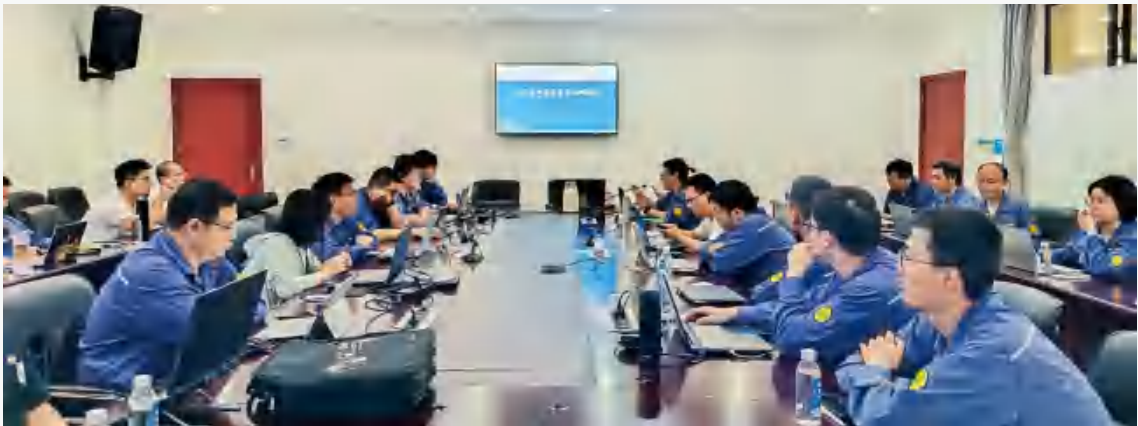
Baosteel Key Quality Training Programs

In accordance with the Company's new round of talent development planning, and to cultivate a team of outstanding engineers possessing strong innovation capabilities, capable of shouldering significant responsibilities, and aligned with the strategic development needs of the Company. The Company has focused on four key themes: trend management, error prevention, change management, and defect containment management. Consequently, 3 sessions of excellence engineer training have been conducted. Furthermore, we conducted 4 training sessions on the 6 core tools of quality management to assist technical professionals in enhancing their practical application capabilities in product development, process control, and quality management, thereby reducing quality risks and strengthening the Company's IATF 16949 quality management system capability.



Six Sigma Black Belt Training at Qingshan Base

Between April and July 2025, the Qingshan Base focused on advancing lean management capabilities by conducting Six Sigma Black Belt qualification training. Utilizing a combined "theory plus practical training" model, the initiative systematically enhanced the practical quality improvement capabilities of key personnel. This training aims to enable participants to gain an in-depth understanding of the definition, functions, and core content of Six Sigma management, familiarize themselves with implementation steps and supporting environments, master fundamental methodologies and the application of software tools, thereby equipping them with the capability to independently lead Black Belt projects. A total of 28 Six Sigma leads and key personnel participated in this training, accumulating a combined total of 78.5 hours.



Six Sigma Black Belt Training

Meishan Base has Launched a Special Seminar on "Quality Management: My Perspective"

In September 2025, the Meishan Base organized a series of training sessions, including the special seminar "Quality Management: My Perspective" and practical exercises on process audits. Through standard interpretation, document study, and practical drills, the Meishan Base has enhanced the practical quality management capabilities, audit skills, and problem-solving efficiency of quality managers, key technical personnel, and technicians across all processes, while strengthening team collaboration and standardized operational levels.



"Quality Management: My Perspective" Special Training Activity



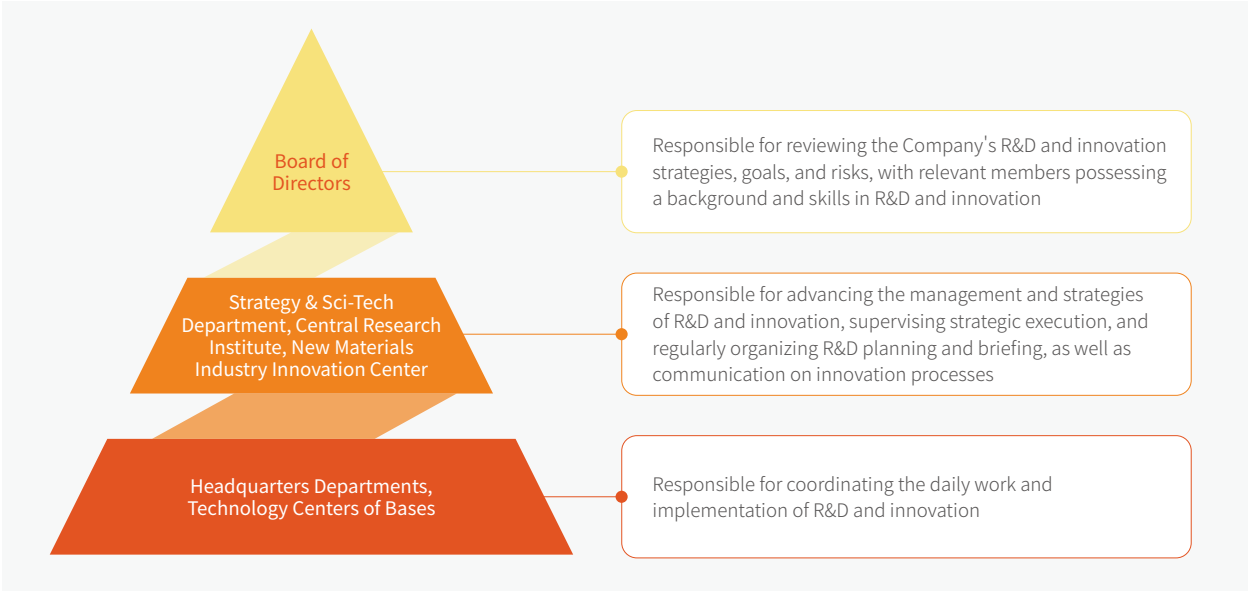
R&D and Innovation

Baosteel adheres to driving the implementation of business strategy and value growth through technological breakthroughs. We have established a routine and systematic identification mechanism to dynamically assess potential risks and opportunities throughout the research and innovation process. Corresponding response strategies and safeguard measures have been formulated to ensure efficient control and continuous optimization of the entire research and innovation lifecycle, thereby providing robust support for business breakthroughs and industry advancement.

Governance

Baosteel strictly complies with the laws and regulations of the jurisdictions in which it operates and the industry standards. It has established internal policies such as the *Management Measures for Scientific Research Projects* and the *Management Measures for Applied Basic Research Projects*, thereby improving the management norms for research and innovation and laying a policy foundation for technological innovation and market competition. We have established a comprehensive governance structure for research and innovation, equipped with a management team possessing both R&D background and professional expertise, thereby strengthening the synergy between decision-making and execution. Through the regular receipt of thematic reports from the Strategy & Sci-Tech Department, the Central Research Institute, and the New Materials Industry Innovation Center, combined with internal quarterly technology meetings, the Board has achieved top-level coordination of research and innovation work. This ensures that the direction of research, resource allocation, and the transformation of results are fully controlled and efficiently advanced throughout the process.

Baosteel R&D Innovation Governance Structure



Strategy

Baosteel has established a systematic and comprehensive innovation system with forward-looking deployment, guided by the "Four Orientations" as its R&D strategic directive. It continuously strengthens capabilities in technological breakthroughs, product iteration, and market responsiveness to ensure precise alignment between product supply and customer requirements. On this basis, the Company implemented a "2+2+N" product strategy. This entails establishing automotive steel and silicon steel as the dual core, focusing on premium long products and high-end thick plates as the dual priorities, while simultaneously expanding into diversified product sectors. Consequently, a three-dimensional product matrix has been formed that covers both traditional strengths and emerging sectors, thereby consolidating the Company's leading position in the industry. In 2025, Baosteel continued to strengthen its investment in research and development. The market share of its core products steadily increased, and its operating performance remained the highest in China's steel industry.

Analysis of Risks and Opportunities in Baosteel's Research and Innovation

Potential Risks or Opportunities	Type	Description of Risks or Opportunities	Time frame
Lag in technological iteration	Risk	Failure to update products or technologies in a timely manner resulted in an inability to meet customer requirements promptly, leading to a decline in market competitiveness and subsequently a reduction in operating revenue.	Medium-term (3-6 years)
Commercial value has not been realized.	Risk	Failure to realize the anticipated market returns from innovation outcomes may impede strategic adjustments, delay market positioning, and reduce the return on investment in research and development.	Medium-term (3-6 years)
Overrun of R&D resources	Risk	Significant increases in operating costs have been incurred due to the continuous resource allocation required for innovation technology and product development.	Medium-term (3-6 years)
Intellectual property risk	Risk	Should the Company fail to identify competitors' patent layouts or effectively safeguard its own intellectual property rights,it may suffer from infringement by competitors or become embroiled in intellectual property disputes.	Short-term (1-2 years)
Risk of technical barriers in overseas markets	Risk	The upgrading of technical standards and certification requirements in overseas high-end markets may result in increased costs for exporting products and delays in the progress of reaching full production capacity.	Short-term (1-2 years)
Improving market competitiveness	Opportunity	The research and development and application of innovative technologies may effectively reduce production costs, enhance production efficiency, and lower the Company's operating costs. The development of new products assists in meeting the needs of customers/consumers/end-users, enhances the Company's competitive advantage, expands market share, and increases revenue.	Long-term (7-10 years)
Opportunities in demand for materials in emerging tracks	Opportunity	The rapid expansion of demand for high-end silicon steel and high-strength steel from emerging industries such as humanoid robots, the low-altitude economy, and new energy storage is expected to drive the swift volume ramp-up of the Company's new products, thereby unlocking a new growth trajectory.	Medium-term (3-6 years)

Green Products

Baosteel has adopted "high strength, high corrosion resistance, and high efficiency" as the core direction for its green products. Leveraging the low-carbon, durable, and efficient characteristics of its products, it serves society's transition to a low-carbon economy. Through the innovation of low-carbon production processes and the construction of a green product matrix, we have reduced carbon emissions at the manufacturing source. Simultaneously, scenario-based green materials have been developed to precisely meet the requirements of the energy, automotive, and motor industries. The development of specialized products in segmented areas, such as high-performance steel, ultra-high-strength automotive steel, and high-efficiency silicon steel, has been advanced to provide clients with decarbonization support throughout the entire lifecycle.



High Strength

High-strength steel constitutes a pivotal component of Baosteel's green product portfolio. By upgrading material performance, it reduces energy consumption in downstream industries and facilitates the low-carbon transformation of the supply chain, serving extensively across sectors such as automotive, construction, and energy. In the automotive sector, anchored by our " X-GPa® and BAO-TEX®" brands, we cover both cold and hot forming technology routes. This enables a full-range gradient coverage of material strength, precisely matching the safety and weight reduction requirements of various components, thereby facilitating the industry's green upgrade.

X-GPa: Refers to ultra-high-strength steel with a tensile strength exceeding 1,000 megapascals. This series of products exhibits characteristics such as high strength, high ductility, excellent bendability, a high yield-to-tensile ratio, and high hole expansion capability. These attributes facilitate design and utilization while simultaneously meeting the lightweighting and safety requirements of the automotive industry, thereby serving as a green exemplar of the Company's commitment to the "Dual Carbon" pathway. Currently, the Company's high-strength steel products have entered the third generation of advanced high-strength steels globally, with sales volume and product variety ranking among the top globally.

BAO-TEX: Refers to Baosteel Low-Corrugated Automotive Exterior Panels. Compared with conventional products, it possesses a flatter micro-surface and a denser, more uniform micro-structure after stamping, thereby achieving a smoother paint film surface. It is suitable for the 2C1B (two-coat one-bake) coating process without an intermediate primer, which helps to reduce processing steps, conserve coatings, and lower energy consumption, combining both environmental protection and economic efficiency.

Multi-Sector Applications of Baosteel's 'High-Strength' Steel Products

Field	Products	Overview of Basic Circumstances
Construction Sector	Q690 high-strength steel	The Company provides solutions based on ultra-high-strength structural steel for super-tall buildings and long-span structures, achieving the first domestic application of Q690 grade high-strength constructional steel in China. The utilization of high-strength steel reduces the structural weight by approximately 20% and decreases the usage costs by approximately 15%.
Energy Sector	1,000 MPa grade ultra-high strength hydroelectric steel	The Company achieved the first domestic batch delivery of a complete set of ultra-high-strength hydroelectric steel with a strength level of 1,000 MPa, which is intended for use in penstock branch pipes and pressure steel pipes at power stations. This steel grade represents the premier thick plate product for hydroelectric power applications, satisfying stringent requirements including high purity, ultra-high strength, and low-temperature toughness. Through refined continuous process control, stability in mass production is ensured.
Automotive Sector	1.5GPa Grade X-GPa®	The Company jointly developed with Changan Mazda the 1.5GPa-grade X-GPa® HC1000/1470DP for use in the front roof rail component of new vehicle models. The component is manufactured using a cold stamping process, achieving a tensile strength of 1500 MPa while maintaining excellent elongation. This resolves the global challenge associated with cold stamping ultra-high-strength steel.
	2GPa Hot-Formed X-GPa®	The Company supplies 2GPa hot-formed X-GPa® to Dongfeng Nissan for N7, utilized in critical safety structural components (such as A-pillars and B-pillar reinforcement plates). This steel grade represents the highest strength level currently available for automotive applications. In conjunction with a cage-type body design, it ensures that high-strength steel constitutes over 70% of the vehicle's total weight, thereby enhancing the body's collision resistance and safety. The project successfully assisted N7 in overcoming the 'Devil's Road' conditions and was awarded the TOP Safety Challenge Success Certificate by the China Automotive Technology and Research Center.

China's First Low-Emission Steel Component to Achieve Whole-Vehicle Technical Certification

In April 2025, during the Shanghai International Automobile Show, the Company, in collaboration with the China Iron and Steel Association and other parties, jointly launched "China's first low-emission steel component to have passed whole-vehicle technical certification"—the FAW-Volkswagen Magotan fender BAO-TEX® hot-dip galvanized component (CR180BH GI, 0.6mm). The component achieves a carbon reduction ratio exceeding 30% through the scrap steel addition process in high-temperature converters (source carbon reduction) and the application of green electricity (process carbon reduction). Its raw material, the hot-rolled coil, is the first product in China to have obtained certification under the low-carbon emission steel standard, marking a breakthrough in the low-carbon synergy between steel materials and whole vehicle manufacturing.

First Delivery of BeyondECO®-30% Hot-Rolled Coil Product

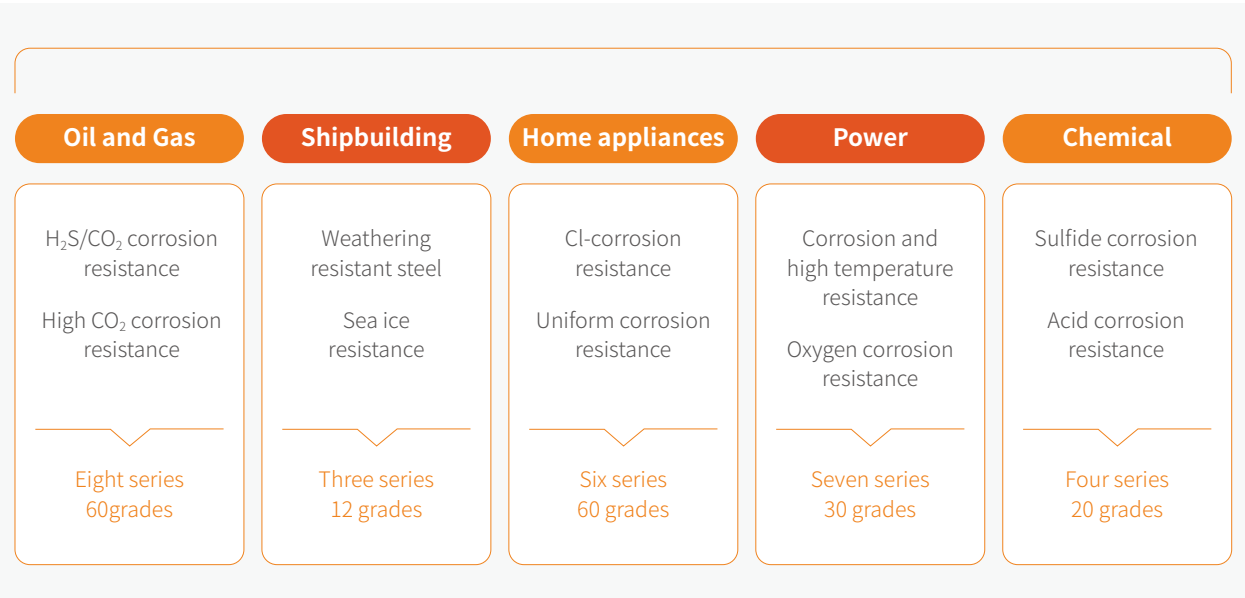
In July 2025, the Company completed the initial delivery of BeyondECO®-30% hot-rolled sheet products. BeyondECO is the Company's low-carbon product brand. Through carbon reduction pathway planning, energy efficiency enhancement, optimization of integrated process flows, and adjustment of the energy mix, the product achieves a reduction in carbon footprint of over 30% compared with conventional products. Full-process carbon emission control is implemented throughout the production process to ensure effective carbon reduction and deliver carbon footprint certificates, thereby providing quantitative data support for supply chain emission reductions.



BeyondECO®-30% Hot-Rolled Coil Products

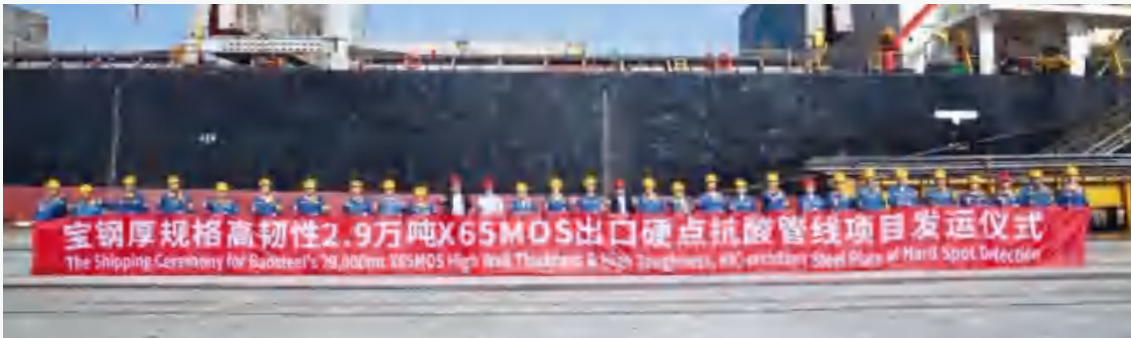
High Corrosion Resistance

To reduce carbon emissions in downstream processes and optimize the customer experience, Baosteel's high-corrosion-resistance product series addresses lightweighting, extended service life, and maintenance-free operation across three dimensions. These products are precisely adapted to meet the distinct technical requirements of various industrial sectors, including oil and gas, shipbuilding, home appliances, power generation, and chemical industry, thereby enhancing end-use efficiency.



Baosteel Launches the World's Thickest Acid-Resistant Subsea Pipeline Steel, Breaking International Technological Monopoly

In 2025, Baosteel achieved the global premiere of its self-developed low-temperature extra-thick X65MOS anti-acid submarine pipeline steel without surface hard spots, becoming one of the first domestic products to meet the standards. Over a decade, the Company has achieved breakthroughs across three key stages: "mechanism - detection - standards", overcoming the industry pain point of "surface hard spots"(the primary cause of stress corrosion), and taking the lead in formulating national standard GB/T 46163-2025. The product has been certified by a top-tier international energy company. A shipment of 29,000 tons of steel plates departed on the ocean vessel OCEAN FORTUNA for delivery to the customer. It demonstrates that China's high-end pipeline steel has entered the first tier of international standards, providing core material assurance for deep-sea oil and gas transportation and the national strategy to build a maritime power.



Baosteel Launches the World's Thickest Acid-Resistant Subsea Pipeline Steel for the First Time

High Efficiency

Baosteel has adopted "High Efficiency" as its strategic orientation and continues to deepen its expertise in the silicon steel sector. By systematically optimizing magnetic performance, reducing iron losses, and enhancing stability across key performance indicators, it provides robust support for green and low-carbon transformation in diverse application scenarios, including humanoid robots and new energy vehicles.

Baosteel Launches 4 Grades of Non-Oriented Silicon Steel Globally for the First Time

In May 2025, Baosteel globally launched 4 new high-end non-oriented silicon steel products at the Fourth Non-Oriented Silicon Steel Application Technology Conference. Among them, B10AHV900M is the world's first product with an ultra-thin specification of 0.1mm and iron loss below 9W/kg, having broken through the industry bottleneck regarding ultra-thin specifications and compatibility with ultra-high alloy. Concurrently, the Company's release of the AHR series dedicated silicon steel has achieved domestic production of motor materials characterized by compact dimensions and high sensitivity, thereby supporting the development of emerging industries such as humanoid robots and the low-altitude economy. Through technological innovation, the Company leads the high-quality development of the silicon steel and motor sectors.



Baosteel Launches 4 Grades of Non-Oriented Silicon Steel Globally for the First Time

Creating Innovative Products

Baosteel leverages innovation as its engine to deepen its focus on the research and development of high-performance steel. Through technological breakthroughs and product iteration, it delivers more competitive solutions to downstream customers. Relying on superior product quality and technical services, Baosteel has not only earned the high trust of its customers but also received numerous industry-recognized awards, demonstrating its core competitiveness. In 2025, Baosteel received 32 science and technology awards at the provincial or ministerial level and within the metallurgical industry, of which 17 were led projects. The project led by the Company, titled Development and Application of Laser Heat-Resistant Scribing Orientation Silicon Steel Manufacturing Technology, was awarded the Special Prize of the Metallurgical Science and Technology Award. The projects Key Technology R&D and Application for Lean Control of Carbon Flow in the Entire Iron and Steel Industry Chain, Development and Application Technology of New Generation Coated and Galvanized Steel Sheets for Integrated Hot Forming, and AI-Driven Optimization Decision Technology and Application for Full-Process Optimization Across Multiple Bases of the Iron and Steel Industry were awarded the First Prize of the Metallurgical Science and Technology Award. Three projects, including Integration Development and Application of Fully Unmanned Operation Technology for Converter Steelmaking, were awarded the Second Prize of the Metallurgical Science and Technology Award. Seven projects, including Product Development and Key Technologies of HFW Sea Pipes Based on Functional Requirements such as High Stop-Crack Resistance and Acid Resistance, were awarded the Third Prize of the Metallurgical Science and Technology Award. The project Key Technology R&D and Industrialization of High-Performance Weldable Thick Steel Plates for Wind Power was awarded the First Prize of the Guangdong Provincial Science and Technology Progress Award. Two projects, including Key Technology R&D and Application of Green, Smart and Low-Carbon Hot Strip Rolling, were awarded the Third Prize of the Hubei Provincial Science and Technology Progress Award.

Integrated Materials Solutions Center

The Integrated Materials Solutions Center of Baosteel Central Research Institute is guided by demand-driven innovation. Leveraging the advanced technological research capabilities of the Central Research Institute and a full-chain collaborative system for production, sales, and research, it provides integrated materials solutions at user sites. By fully exploiting the inherent characteristics of Baosteel's high-end materials, it better meets users' operational requirements, reduces overall costs, and lowers carbon dioxide emissions.

Practice of Integrated Material Solution Project

Application of High-Strength Construction Steel Solutions

The Integrated Material Solutions Center, in collaboration with Baosteel International Southern Company and Zhanjiang Steel, leveraged its technological innovation and synergistic advantages to replace conventional steel with high-strength grades such as Q420 and Q460. This successfully applied the high-strength steel solution to the B Tower of the Shenzhen Bay Super Headquarters Base high-rise project, resulting in a significant reduction in the structural steel tonnage and saving nearly RMB 10 million in project costs.



Research and Promotion of the "Light Chaser" Green Photovoltaic Bracket Solution

The Integrated Materials Solutions Center and the Hot Rolling Institute of the Research Academy, alongside the Steel Pipe and Special Steel Technology Center, have focused on the green and low-carbon development of steel for photovoltaic applications. Anchored by "Danxia Steel", they have developed the Bekind-PV Green Photovoltaic Mounting Solution, which was awarded the "Megawatt-Level Emerald Award". The monthly order volume for the product exceeded 12,000 tons, with a supply volume surpassing 45,000 tons. It has been applied in a 1.5 GW photovoltaic project, covering scenarios such as mountainous areas, agrivoltaics, and fishery-voltaic.



Research and Promotion of Bolted Ultra-light Commercial Vehicle Power Battery Frame Products

The Integrated Material Solutions Center, in collaboration with the Hot-Rolled Products Institute, has successfully developed the first batch of heavy-duty commercial vehicle rear-mounted power battery frame products. This initiative has achieved a weight reduction of over 20%, an 80% decrease in welds, and a 50% improvement in assembly efficiency.



Industry-University-Research Institute Cooperation

To accelerate the transformation of scientific and technological achievements and support industrial upgrading, Baosteel has established joint laboratories and studios in collaboration with strategic users, key domestic and international universities, and research institutions, leveraging deep integration between industry, academia, and research. In 2025, the Company established a collaborative platform encompassing theoretical research, product development, breakthroughs in new technologies, and talent cultivation. This initiative effectively integrated innovation resources to provide systematic support for the sustainable development of the enterprise and technological advancement within the industry.

R&D Center for New Rolled Composite Materials and Their Application Technologies (Shanghai Joint Studio)

In May 2025, the Company's Central Research Institute, in collaboration with the Engineering Research Institute of China Construction Eighth Division and the School of Environment and Architecture at Shanghai University of Science and Technology, established the Rolling Composite New Materials and Application Technology R&D Center (Shanghai Joint Studio). The Center focuses on offshore and coastal engineering projects in the marine and surrounding areas. In response to the demand for rolled composite steel materials and other high-performance new steel materials, it collaborates to develop advanced steel application technologies suitable for multiple sectors.



Inauguration Ceremony of the R&D Center for New Rolled Composite Materials and Their Application Technologies (Shanghai Joint Studio)

Tsinghua-Baosteel Advanced Materials Engineering Doctoral Forum

In November 2025, the "Tsinghua-Baosteel Advanced Materials Engineering Doctoral Forum", jointly organized by the Company and Tsinghua University, was held in Shanghai. The forum, themed "Integration of Innovation, Intelligence Leading the Future", focused on advanced materials research and development, collaboration between industry, academia and research, and the cultivation of high-end talent. This forum facilitated academic exchanges on super-resolution electron microscopy technology and aligned enterprise needs in sectors such as energy piping and high-strength steel for automobiles. Furthermore, experts from the Company were appointed as industry mentors for Tsinghua Engineering Doctoral candidates to deepen the integration of the innovation chain, industrial chain, and talent chain "three chains", thereby injecting new momentum into high-quality development within the advanced materials sector.



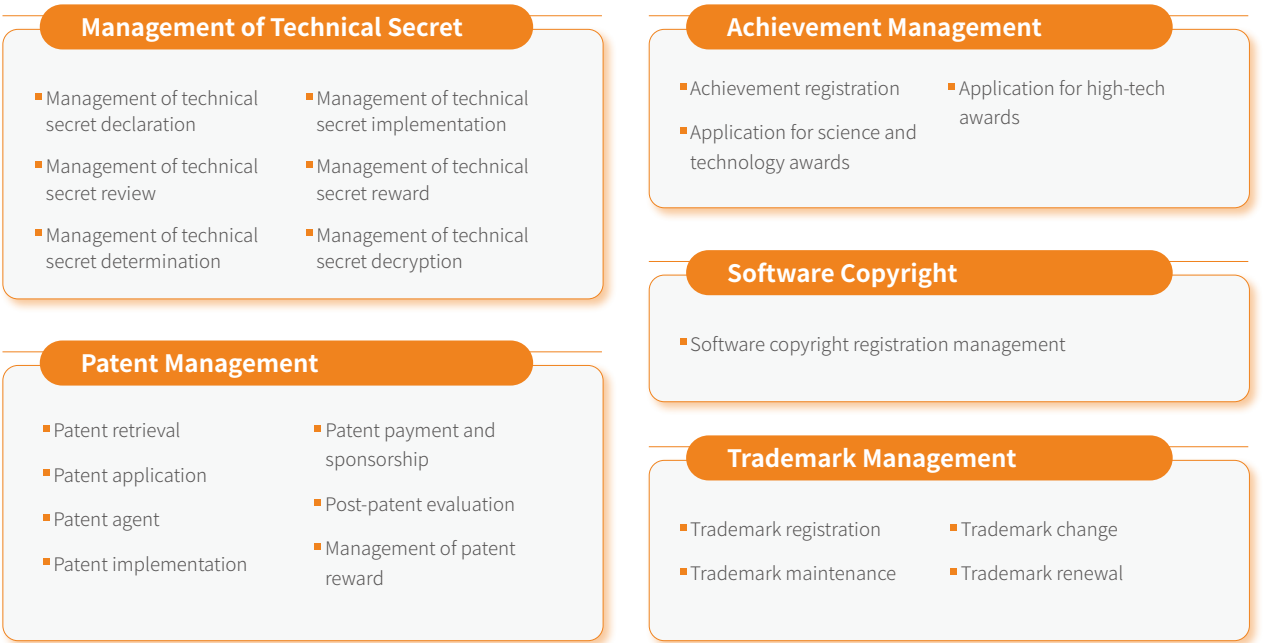
Photo of the Tsinghua-Baosteel Advanced Materials Engineering Doctoral Forum



Protection of Intellectual Property Rights

Baosteel strictly complies with laws and regulations including the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and the *Copyright Law of the People's Republic of China*, and has established an internal management system covering the entire intellectual property chain. By clarifying the full-process management requirements for creation, utilization, protection, risk prevention and control, and dispute response, we have systematically strengthened the refined control of core assets such as trademarks, patents, and copyrights. Concurrently, we have deepened management practices and strengthened intellectual property management by focusing on professional areas including trade secrets, patent portfolio planning, commercialization of results, registration of software copyrights, and trademark operations.

Baosteel Intellectual Property Management System



Baosteel regularly organizes and conducts specialized training sessions to systematically disseminate intellectual property laws and regulations, thoroughly implement internal intellectual property management policies, enhance employees' awareness of intellectual property protection, and promote the deep integration of compliance principles with research and development and production practices.

Baosteel Patent Research and Training Activities

In 2025, Baosteel conducted five patent training sessions and simultaneously established a three-tier progressive curriculum system (Basic, Intermediate, Advanced). This system covers 5 key modules: patent fundamentals, search tools, drafting techniques, mining and layout strategies, and responses to Office Actions. The initiative aims to strengthen the team's awareness of patent risks and their ability to convert results through layered empowerment and practical exercises, thereby ensuring high-quality protection of innovation outcomes and maximizing their value. This training session attracted over 300 R&D heads and key product personnel.



Patent Research and Training Activities

Intelligent Transformation

Baosteel has established smart transformation as a key strategic pillar for high-quality development, aiming to build a globally leading smart manufacturing base and set a benchmark for digital transformation in the steel industry. Leveraging high-quality data governance and the construction of intelligent systems, we have comprehensively deepened the integrated application of digital and intelligent technologies in production and operations, while focusing on cultivating a workforce proficient in digital intelligence. In 2025, Baosteel implemented the "2526 Project", focusing on the core theme of "AI + Steel" to facilitate the deep integration of artificial intelligence with industrial technology and management processes, thereby accelerating the process of "intelligent transformation and digital transition".

Focusing on the construction of a data governance system, Baosteel has established and refined standardized enterprise-level data governance specifications in reference to the Data Management Capability Maturity Model (DCMM) and the framework of the Data Management Association (DAMA). These specifications cover the entire lifecycle of data architecture, standards, quality, security, and application. Furthermore, we have actively participated in the development of industry standards, leading the formulation of 14 national standards for intelligent manufacturing and participating in the formulation of 21 such standards, thereby promoting the standardized development of the industry.

In relation to digital and intelligent innovation applications, Baosteel has prioritized the deployment of "AI empowerment" and "machine learning", thereby deepening its "AI+" transformation strategy. For production processes characterized by high energy consumption and complexity, we guide AI application scenarios to transition from scale expansion to value enhancement. In 2025, the Company established AI benchmark demonstrations on production lines with a well-implemented inspection system and high levels of automation, cumulatively deploying 347 AI scenarios and 149 agents to orderly implement the "Three-Year Thousand Scenarios" plan. Furthermore, Baosteel's "High-end Green Silicon Steel Predictive Manufacturing Intelligent Factory" was selected for the Ministry of Industry and Information Technology's list of pilot leading intelligent factories, while the Meishan Base's "Steel Intelligent Factory Based on Digital Twin" project was awarded the title of "Excellence-level Intelligent Factory" for 2025. These achievements underscore the Company's competitive advantage in the field of smart manufacturing.

Baosteel has been Selected for the Inaugural List of "Navigator-Level Smart Factory" Cultivation Programs

At the 2025 World Intelligent Manufacturing Conference, Baosteel's high-end green silicon steel predictive manufacturing intelligent factory was selected for the Ministry of Industry and Information Technology's inaugural list of leading intelligent factories to be cultivated, establishing itself as a benchmark for digital transformation within the steel industry. The project adopts an AI-driven predictive manufacturing model, integrating intelligent technologies such as digital twin control and unmanned molten iron transportation. The efficiency of handling production anomalies has been improved by 50%, and the efficiency of cross-process scheduling has been enhanced by 70%. Through intelligent technology optimization, following the upgrade of two grades of Baosteel's silicon steel products, grid losses were reduced from 7.7% to 4.4%, providing a solution for the steel industry towards the implementation of the national Dual Carbon goals.



2025 World Intelligent Manufacturing Conference

Baolian Deng Full-Stack Digital Intelligence Technology Platform and Digital Twin Control System

In 2025, Baosteel achieved substantial progress in the construction of smart factories and the application of production intelligence. We have established the Baolian Deng full-stack digital intelligence technology platform and digital twin control system, significantly optimizing production operational efficiency. We have promoted the application of AI models, including blast furnace temperature prediction, machine vision inspection, and cross-process integrated scheduling, to achieve a dual improvement in production efficiency and resource allocation capabilities. Furthermore, Baosteel has deployed AI models locally, leveraging professional data to precisely respond to business requirements and effectively support core scenarios such as production operations and equipment maintenance.

Baosteel Smart System

Baosteel has achieved a deep integration of quality management and information technology by constructing enterprise-level cross-process quality collaborative control technology. This initiative integrates production data across the entire process, including ironmaking, steelmaking, hot rolling, and cold rolling, to establish a standardized quality data center. By solidifying the business logic of 'heat determination – composition assessment – abnormality warning', the system achieves automatic second-level heat quality assessment and proactive warning, significantly enhancing quality stability and the first-pass yield. With this breakthrough, Baosteel was awarded the Second Prize in Metallurgical Science and Technology and became one of the first domestic steel enterprises to pass the Data Capability Maturity Model (DCMM) Level 4 assessment. This signifies that the new quality productive forces centered on smart manufacturing have achieved scaled application within the Company. Not only has this realized cost reduction and efficiency enhancement, but it has also reduced resource consumption and emissions through precise quality control, thereby providing a replicable "Baosteel Model" for high-quality sustainable development across the industry.

Intelligent Talents

Baosteel has established a digital talent assessment and innovation incentive mechanism and organized special skills competitions to stimulate the vitality of each business unit. Systematic empowerment is being advanced concurrently with the training and examination for the Junior Certification of Digital Intelligence Engineers (BCDA), covering modules on digital intelligence foundational literacy, thinking, tool application, big data platform practical operations, and capability expansion, to facilitate the deep application and innovative practice of big data technologies within the Company. In 2025, the Company closely aligned with the implementation of its digital intelligence and AI strategies by adopting a dual-drive model comprising "layered and classified training plus Digital Intelligence Engineer (BCDE) certification", systematically advancing the development of its digital talent workforce. Through systematic training and standardized certification, we have effectively enhanced the digital and intelligent literacy of all staff, established a talent pipeline aligned with strategic and business development, and provided robust human resource support for digital and intelligent transformation.

Tiered and Classified Training

- For managers, 2 training sessions were conducted for 90 participants to strengthen leadership in digital and intelligent transformation;
- Focusing on "governing data, building data, utilizing data, and managing data", special training sessions were conducted for data administrators and technical personnel, with a total of 750 person-times participating in the training;
- A two-phase practical training program was implemented for core AI personnel, covering critical technologies such as Huawei Industrial Hub and algorithm development, to consolidate the talent foundation for AI implementation.

Digital Intelligence Engineer (BCDE) Certification

- Shift from "theory first, practice later" to "practice first, understanding later", adopting an application-oriented approach;
- Seven new AI general and practical courses have been introduced, and the 3.0 examination syllabus has been published (focusing on business development and practical capabilities);
- In 2025, 2 sessions of the basic examination and 1 session of the intermediate examination were conducted. A total of 443 candidates passed the basic certification, and 15 candidates passed the intermediate certification.

Impact, Risk and Opportunity Management

Baosteel has deeply integrated the risk management of research and development innovation into its daily risk management system, thereby establishing an integrated operational mechanism. Given the characteristics of research and development innovation and differences in product categories, the Company has customized risk identification pathways and assessment criteria, conducting risk screenings periodically as required. Concurrently, a full-process closed-loop mechanism comprising "identification and assessment, priority ranking, monitoring and management, and integration and adjustment" has been established to ensure the precise implementation of risk response measures, thereby achieving systematic and dynamic control over R&D innovation risks.

Risk Management Process for Research and Development Innovation



Indicators and Objectives

Baosteel has established a target management system centered on key management matters relating to research and development innovation. Through dynamic tracking of target achievement and project progress, alongside quantitative analysis and regular reviews, the Company ensures that innovation initiatives are advanced efficiently. In 2025, Baosteel's technological innovation indicators fully met expectations: a cumulative total of 9 first-launch products were introduced, and 42 landmark technological breakthroughs were achieved. The trial production volume of new products reached 7.2876 million tons (setting a record high), with 1,306 invention patents applied for. Technological innovation provided robust support for consolidating the Company's leading position in the industry.

Baosteel Technological Innovation Indicators

Indicator	2025 Targets	2025 Actual	Completion in 2025
Number/proportion of R&D personnel	/	8,683/18.82	/
Number of invention patent applications (Cases) ¹⁷	1,300	1,306	Completed
The number of filed international invention patent applications (cases)	75	80	Completed
New trial product sales (10,000 tons)	495	728.76	Completed
New product sales rates (%)	11	12.03	Completed
Number of first-launched products/number of landmark technologies (items)	6/35	9/42	Completed

¹⁷ Performance measurement data.

Customer Service

Baosteel has always adhered to the philosophy of placing customers first, committed to providing high-quality services to customers and enhancing customer satisfaction. In the field of customer service, the Company has established a comprehensive and multi-tiered service system, ensuring the protection of customer rights and interests through effective responsible marketing management.

Customer Management

Baosteel, with the Integrated Marketing Center (IMC) as its core support, has optimized the workflow for handling and responding to customer complaints. It strictly enforces a closed-loop management mechanism covering the entire process from collection, identification, and conversion of customer grievances to their disposal, thereby effectively safeguarding the legitimate rights and interests of customers. We have implemented differentiated maintenance strategies based on customer value assessment. By authorizing users through segmentation, we have enhanced the response efficiency of channel companies. The technical review function enables automatic identification of "four new products" and automatic generation of technical inquiry orders, thereby improving the alignment between manufacturing capabilities and customer requirements.

Baosteel has continuously expanded customer communication pathways by establishing diversified channels such as a dedicated hotline and email address. The Customer Service Center serves as the core information aggregation window for customers, centrally receiving all customer requests from these various channels. During the Reporting Period, the Company received a total of 15,602 customer calls and 6,303 customer emails.

In 2025, Baosteel, with "Smart Marketing + Artificial Intelligence" as its core, completed the deployment of 11 initial marketing AI scenarios and deepened 13 further applications, covering stages such as intelligence acquisition and intelligent customer service, thereby establishing a generational advantage for the IMC platform. Concurrently, the "DMS Smart Response" customer service robot was launched, and an L2-level marketing large-scale model was established, encompassing 98,000 professional data samples. Through digital intelligence-driven reconstruction of the steel marketing model, the Company has enhanced its market competitiveness.

Concurrently, Baosteel has deepened the reform of its "customer-centric" marketing system by comprehensively advancing seven key areas: strengthening strategic thinking; establishing a "specialized + platform-based" marketing model; promoting institutional and mechanism reforms; deepening internal collaboration; addressing key and difficult issues; accelerating inventory turnover; enhancing risk prevention and control; and leveraging the advantages of each base. This initiative aims to build a modern marketing system capable of flexibly responding to market changes and driven by user needs, thereby consolidating and reinforcing its leading position in the industry and ensuring accountability for the Company's overall operational results.

Baosteel Unveiled the DMS (Database Marketing Service) System Report with Great Impact at the Annual Summit for Automotive Sheet Users.

In 2025, Baosteel hosted an annual meeting for automotive sheet users under the theme "Smart Transformation of Steel, Creating and Sharing Win-Win Outcomes", with 175 automotive enterprises from home and abroad and over 400 guests in attendance. The *Baosteel DMS Deep Marketing Services* report was officially launched at the meeting, and the new model of "AI + Marketing Services" was introduced, marking that Baosteel has entered a new era of AI-enabled marketing services.

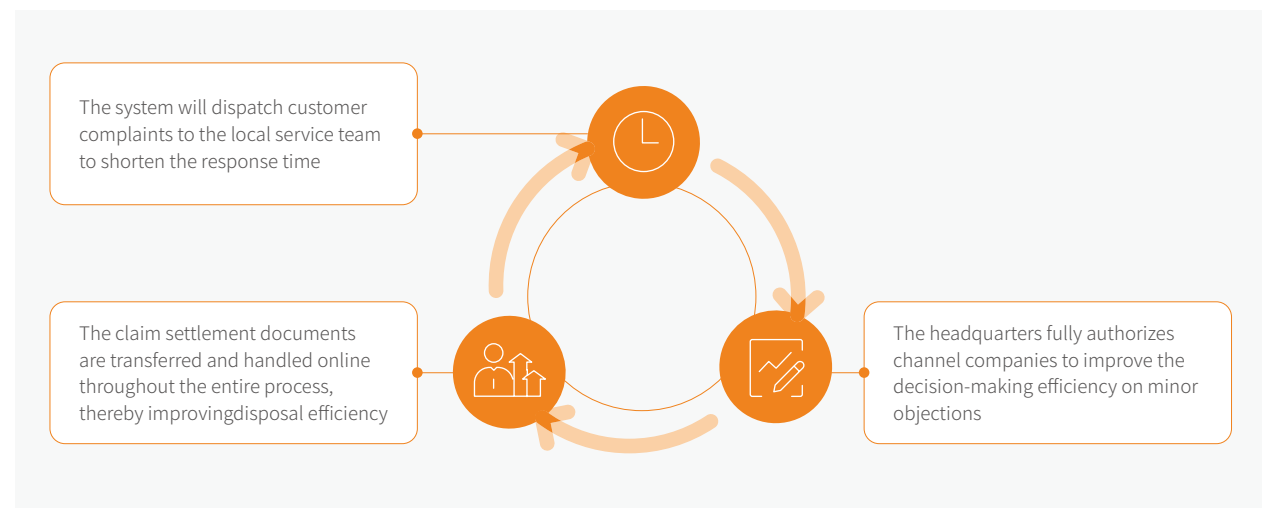


Publication of the Baosteel DMS Deep Marketing Services Report

● Handling of Customer Complaints

Baosteel has established a full-process customer complaint management system to ensure immediate response and time-limited handling of complaints. We have established an agile three-tier service system. Leveraging the IMC system, we have achieved interconnectivity between complaint information and production bases to conduct dual-dimensional tracing from both source and outflow perspectives. Improvement measures have been implemented and rapidly verified. We implement a localized on-site handling mechanism for bases, significantly enhancing the efficiency of objection resolution. The management system comprehensively covers all levels of business operations across headquarters, production bases, and processing centers. Furthermore, subsequent order tracking and the implementation of improvement measures have been incorporated into routine management. The effectiveness of rectification is strictly verified to prevent the recurrence of similar issues. In 2025, the complaint resolution rate reached 98.7%, with 2,162 cases of user complaints received. The total volume of complaints decreased year-on-year compared to 2024, and customer service quality continued to be optimized.

Baosteel Closed-Loop Handling of Customer Complaint



Baosteel conducts regular customer satisfaction surveys across five key dimensions: Quality, Cost, Development, Delivery, and Service (QCDDS), to identify genuine customer feedback on products and latent requirements. Based on these findings, targeted improvement plans are formulated to drive continuous optimization of the customer experience through closed-loop management. In 2025, the customer satisfaction evaluation score for Baosteel was 93.15 points, an increase of 0.26 points compared with 2024.

● Responsible Marketing

Baosteel strictly complies with the requirements of laws and regulations such as the *Advertising Law of the People’s Republic of China* and the *Law of the People’s Republic of China on the Protection of Consumer Rights and Interests*, incorporates responsible marketing into the Company’s sustainable development strategy, and regulates advertising and marketing practices. Concurrently, to enhance employees’ awareness of responsible marketing, the Company regularly conducts specialized training sessions on responsible marketing. In 2025, the Company conducted ESG-related training for all marketing personnel. There were zero litigation events concerning responsible marketing, and no non-compliance incidents involving product and service information or labelling occurred.

In respect of product information disclosure, Baosteel adheres to the principles of "truthfulness, accuracy and transparency". Baosteel has engaged a third-party testing agency to conduct rigorous testing on its products, thereby providing compliance support for the promotion of product environmental attributes. In 2025, the Company organized third-party testing to assess whether steel products comply with the limit requirements of the EU REACH Regulation and RoHS Directive, covering steel products across the Baoshan, Qingshan, Dongshan, and Meishan four major bases. All submitted products have passed SGS testing, and the test results indicate compliance. Through data monitoring and verification, the Company ensures that product environmental information communicated to customers is authentic and reliable, thereby eliminating false environmental claims at the source and consolidating the product foundation for responsible marketing through rigorous compliance verification.

■ Win-Win Collaboration Across the Industrial Chain

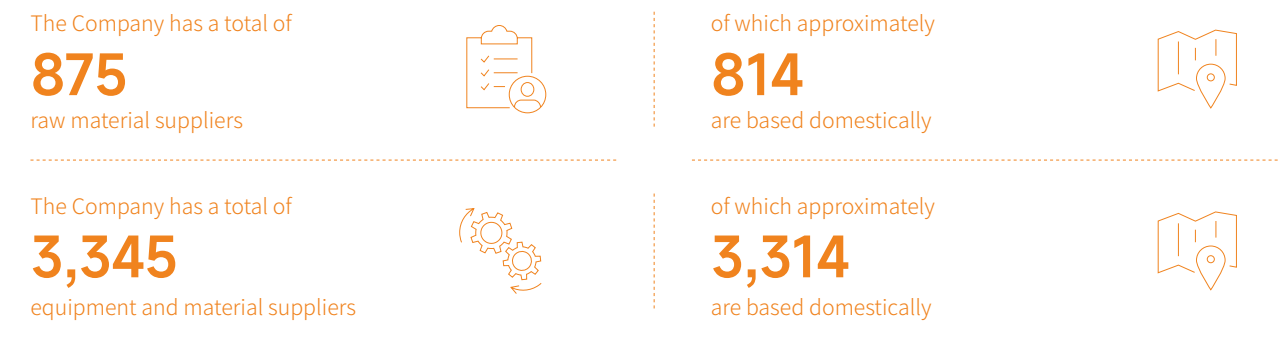
Baosteel is committed to constructing a robust, transparent, and sustainable supply chain system. By deepening collaborative synergy with suppliers and partners, it drives the overall transformation of the steel industry chain towards high-quality development and greenization. The Company continues to optimize its end-to-end supplier management mechanism, embedding requirements for compliant operations, quality control, environmental protection and social responsibility into procurement and cooperation standards, while systematically advancing low-carbon supply chain construction and enhancing risk management capabilities. Concurrently, leveraging information sharing to strengthen collaboration and foster joint innovation, Baosteel has jointly explored with all parties in the industrial chain a stable, mutually trusting, and win-win cooperation mechanism. This initiative aims to consolidate the long-term competitiveness and sustainable development foundation of the steel ecosystem.

● Supplier Management

Baosteel continues to deepen the end-to-end management of its suppliers, adhering to the principles of standardization, digitalization and transparency, while continuously refining the mechanisms for supplier admission, evaluation and supervision. By strengthening audit management and process control, the level of intelligent procurement and open procurement is enhanced, thereby consolidating the foundation for a compliant and efficient supply chain operation. While consolidating cooperative relationships, the Company focuses on enhancing the overall resilience and collaborative capabilities of the supply chain, working alongside various supplier partners to jointly promote high-quality development of the industrial chain.

Based on differences in business attributes, the Company categorizes suppliers into two types: raw material suppliers and equipment materials suppliers, implementing differentiated management. In respect of raw material supply management, the Company strictly adheres to policies such as the *Management Measures for Raw Material Suppliers*, the *Management Measures for Supplier Site Audit* and the *Evaluation Standards for Raw Material Suppliers*. Systematic supplier access audits, on-site assessments, performance evaluations and tiered management are conducted to ensure that the supply of raw materials is safe, stable and traceable. In the management of equipment and material supply, guided by the principles of 'quantification, assessment, and carbon reduction', and in response to optimization requirements regarding new supplier onboarding and performance evaluation, the Company revised policies including the *Supplier Management Measures*, the *Audit Standards for Goods Suppliers*, and the *Evaluation Standards for Goods Suppliers*. These revisions provide a policy basis for the standardized operation of supplier management and facilitate the implementation of standardized supplier certification and dynamic evaluation management.

During the Reporting Period



Baosteel has established a comprehensive supplier management mechanism covering the entire process of supplier access, audit, assessment and grading. Through policy-based management and continuous auditing, the overall quality and compliance level of the supply chain have been enhanced. The Company continues to advance its supplier audit work by formulating annual audit plans and conducting on-site audits to systematically evaluate the quality management and operational performance of suppliers. As at the end of the Reporting Period, the Company had completed audits of 130 suppliers (102 from the Equipment and Materials Procurement Center and 28 from the Raw Material Procurement Center). The audits focused primarily on process control, quality management, procurement management, policies, and customer requirement management. In respect of the issues identified during the audit, we have continued to monitor the implementation of rectification measures and promoted the continuous improvement of suppliers’ management capabilities and quality management standards.

Baosteel Supplier Management Policy

Supplier Admission

- Based on customer requirements, strictly screen and introduce high-quality suppliers, with a focus on quality, safety and environmental protection management capabilities, and require suppliers to possess relevant management system certifications (such as ISO 14001 and ISO 9001);
- Implement classified management for different types of suppliers (including manufacturers, traders, logistics service providers, etc.) and require the submission of relevant qualification documents.

Supplier Review

- Newly admitted suppliers are required to complete the *Supplier Qualification Review Form*, which must be reviewed and approved by business departments and the procurement center before cooperation may commence;
- For suppliers with established cooperative relationships, annual on-site quality audits are conducted in accordance with the annual audit plan;
- For identified non-conformities, suppliers are urged to formulate corrective measures, and follow-up verification is conducted on rectification effectiveness.

Supplier Evaluation

- The supplier evaluation system consists of continuous performance evaluation, procurement evaluation and user department evaluation;
- Comprehensive evaluations are conducted on suppliers based on actual performance, delivery quality, price levels, contract fulfilment, on-site service, abnormal issue handling and user complaint records.

Supplier Classification

- Raw material suppliers are classified into five grades, namely A, B, C, D and E, based on performance results. Suppliers rated D or below are considered unqualified suppliers and cooperation will be terminated.

Equipment and material suppliers are categorized into

7

tiers based on the principle of "industry-leading performance and outstanding results"

Suppliers achieving a total annual evaluation score exceeding

85

points shall be eligible for grade promotion

To continuously enhance the standardization and refinement of procurement management, the Company has continued to advance the application of "AI + Procurement", fostering the capability for intelligent management across all scenarios of the industrial goods procurement supply chain. Through measures such as continuously optimizing tendering management mechanisms, strengthening data-driven supplier management, perfecting risk monitoring and early warning systems, and promoting intelligent contract review, a digital supply chain management system is being gradually constructed. During the Reporting Period, the Company successfully launched the key material certification process, achieving online certification and full-process traceability. Through enhanced process logging and data governance capabilities, the efficiency of material certification was significantly improved. Concurrently, the engineering equipment procurement system has been equipped with capabilities to support end-to-end online management of service contracts and cross-project portfolio inquiry functions, thereby further enhancing procurement synergy and resource allocation efficiency.

Baosteel Digital Supply Chain Management

Tendering Optimization

Continuously advance the management requirements of "all eligible tenders should be tendered and all eligible procurement should be compared", dynamically review and optimize the list of procurement items exempt from tendering, improve policy constraints and process control, and further enhance the coverage ratio and standardization level of tendering activities.

Supplier Optimization

Integrate supplier performance evaluation results into the intelligent supplier mechanism, continuously optimize ranking algorithms across dimensions such as affiliated enterprise identification and persistent material management and control risk monitoring, and continuously improve the coverage and optimization accuracy of price comparison.

Risk Management and Control

Relying on data platform capabilities, establish a multidimensional contract anomaly identification model to conduct dynamic monitoring of the execution status of contracts within the validity period, thereby strengthening the identification and early warning capabilities for business risks and contract fulfilment risks.

Intelligent Review

Apply AI-assisted intelligent review technologies to comprehensively analyze clause texts at all stages of contract signing, automatically identify procurement strategy matching, bidding compliance risks, and process standardization risks, thereby improving the efficiency and accuracy of contract review.

The Company continues to refine its "Sunshine Procurement" management system, systematically advancing the standardization of procurement through the management of procurement methods, digital supervision, and public information disclosure. Concurrently, we actively implement the tendering management requirements of Baowu Group, promote the principle that "all eligible tenders must be tendered and all possible tenders shall be maximized", continuously enhance the tendering ratio, and strengthen the orientation towards procurement cost-effectiveness. By optimizing policies and processes and strengthening the application of digital platforms, transparency and risk management capabilities within the procurement process have been enhanced, thereby promoting more standardized, efficient, and traceable procurement activities.

Baosteel "Sunshine Procurement" Management System

Procurement Method Management

- Implement China Baowu's tendering management requirements and continuously improve the tendering ratio by promoting the principle of "all eligible tenders should be tendered"
- Optimize the *list of projects planned for non-tendering despite eligibility* from tendering and organize business units to formulate dedicated implementation plans.
- Revise and improve procurement management documents for non-tender procurement methods to clarify applicable scenarios and control requirements

Digital Supervision

- Relying on the Oubei platform and big data monitoring models, continuously optimize the monitoring process for procurement activities that should undergo tendering procedures.
- Optimize PSCS system functions to automatically identify and prevent abnormal situations such as IP address participation and account sharing.
- Establish a procurement behavior early warning mechanism to strengthen procurement compliance risk prevention and control.

Information Transparency

- Rely on online procurement platforms to achieve information sharing and process traceability for procurement activities
- Publicly disclose procurement information on compliance prerequisites
- Strengthen supervision over procurement processes and improve internal collaboration efficiency

Furthermore, the Company has focused on two key dimensions, namely risk control and supervision, and from three levels of business, management, and supervision, has established a Sunshine Procurement Index. Building upon this, and drawing on the practical experience gained from the Sunshine Procurement Index versions 1.0 and 2.0, the details of the index management have been further refined to establish a procurement evaluation mechanism that is more scientific, open, and transparent.

Baosteel Sunshine Procurement Index

Sunshine Procurement Index 1.0

- Covers 123 business indicators, including supplier admission, bidding policy formulation, procurement source tracing, contract signing and execution, procurement quality, and procurement performance throughout the procurement workflow
- Includes 17 management indicators covering system management, risk management, tender procurement, supplier management, performance management and other aspects, thereby establishing a risk control mechanism for the Sunshine Procurement Index
- Includes 20 supervisory indicators reflecting the implementation status of supervision activities

Sunshine Procurement Index 2.0

- "Six change indexes" are established based on the existing indicator system, including the six dimensions of optimizing the ratio of long-term agreement prices and spot procurement, realizing "tender as far as possible", promoting the ultimate inventory, strategic layout of raw materials, "one company with multiple bases" to strengthen penetrating services, and building an efficient "horse racing" mechanism
- In conjunction with key annual tasks, 43 indicators have been established by integrating existing business and management indicators, thereby further enhancing procurement management capabilities and risk control standards

Sunshine Procurement Index 3.0

- Based on Sunshine Procurement Index 1.0 and 2.0, further enhances the Sunshine Procurement Index from five dimensions: indicator concentration, indicator sensitivity, indicator intelligence and indicator effectiveness, thereby improving the quality and effectiveness of procurement supervision



Supply Chain ESG Management

Baosteel continues to strengthen ESG risk management within its supply chain, systematically integrating environmental, social and governance requirements into the entire process of supplier access, evaluation and dynamic management. It is committed to building a sustainable supply chain system characterized by shared responsibility and collaborative advancement. At the governance level, the Board discharges its supervisory responsibilities regarding significant matters of supply chain sustainability. Management coordinates and promotes ESG management for suppliers as a whole, while relying on a dedicated procurement management mechanism to review and approve decisions and management matters concerning key suppliers, thereby ensuring that supply chain management is conducted in a standardized and orderly manner.

The Company continues to strengthen its supervision and assessment of suppliers' procurement practices and commercial conduct. In accordance with the requirements of the *Supplier Code of Conduct*, it systematically standardizes suppliers' codes of practice regarding business ethics, environmental protection, labor rights and human rights. Compliance and responsibility standards are embedded throughout the entire supply chain cooperation process to actively prevent ESG compliance risks. To achieve the objectives of supply chain responsibility management, the Company continuously reviews suppliers' operational compliance, business ethics, and sustainability performance, incorporating ESG performance as a key criterion for supplier selection and contract awarding; under equivalent commercial conditions, priority is given to partners with superior ESG performance. In respect of non-compliance or adverse events identified during the review, the Company has urged relevant suppliers to rectify such issues within a specified timeframe and to monitor their implementation; for suppliers with capability deficiencies, targeted ESG improvement guidance and support have been provided to assist them in enhancing their management standards. For suppliers failing to meet the Company's minimum ESG requirements within the stipulated timeframe, measures such as suspension or termination of cooperation shall be implemented in accordance with established procedures until they comply with the relevant standards. Through the aforementioned mechanisms, the Company has continuously enhanced the overall ESG management capability of its supply chain and effectively mitigated risks associated with the supply chain.

Overview of ESG Bonus Points in Baosteel Supplier Assessment System

Carbon Footprint Accounting and Certification

Bonus points are awarded based on the number of eligible items

Supporting ESG Initiatives and Actively Implementing Them

Bonus points are awarded respectively for performances rated as outstanding, particularly outstanding, and excellent

Carbon Reduction Performance of Products

Positive bonus points are awarded

Releasing CSR/ESG Report

Bonus points are awarded based on the number of eligible items/ times

Supply of Green Products

Tiered bonus points are awarded based on actual supply performance

Public Welfare Performance

Bonus points are awarded respectively for performances rated as outstanding, particularly outstanding, and excellent

Certifications such as ISO Management Systems and Responsible Business Alliance (RBA) Code of Conduct

Scored by item/frequency

Supplier Business Ethics

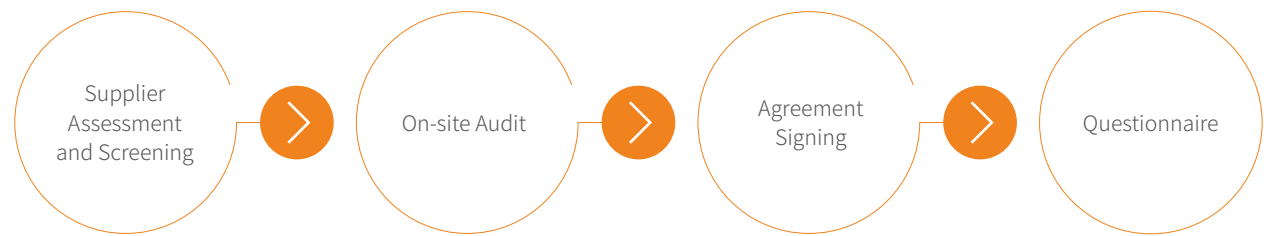
The Company explicitly requires suppliers to adhere to the principles of integrity in business operations. Any form of abuse of power and improper transfer of benefits is strictly prohibited, encompassing violations such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering. Furthermore, the provision or acceptance of undue benefits to interfere with commercial decisions in business dealings is also prohibited. Concurrently, suppliers shall effectively identify and mitigate conflicts of interest to ensure that operational decisions adhere to principles of legality, compliance, and fairness, thereby preventing personal interests from compromising the rights and interests of the Company and its partners. During the Reporting Period, the Company continued to refine its management mechanism for supplier dishonesty. Specific negative matters, such as illegal subcontracting, were clearly defined, and the disposal process was optimized. In principle, it is required that such negative matters be reported within one month of occurrence.

As of the end of the Reporting Period, the signing rate of the *Supplier Code of Conduct* reached **100%**

Risk Prevention and Control of ESG in the Supply Chain

Baosteel has established a supply chain ESG risk management mechanism covering access, audit, assessment and rectification, embedding ESG requirements into the full lifecycle management of suppliers. During the onboarding phase, the Company conducts risk identification and comprehensive assessment of suppliers in accordance with established ESG standards. A graded analysis is performed across dimensions including regional and industry risk exposure, procurement value, and degree of business linkage. The performance of key suppliers¹⁸ is comprehensively monitored regarding environmental management, labor rights, commercial ethics, and governance standards to provide a basis for risk-based decision-making in collaboration.

Supplier Access ESG Risk Assessment Process



At the level of continuous monitoring, the Company has continuously refined its supplier ESG management mechanisms and comprehensively integrated ESG factors into the supplier performance evaluation system. During the supplier performance evaluation and selection of outstanding suppliers, ESG consideration indicators are strengthened, with low-carbon and green performance designated as a significant bonus item (weighting approximately 15%), thereby incentivizing suppliers to undertake innovative improvements in energy conservation, emission reduction, and sustainable development. Concurrently, the Company has designated negative matters, including integrity violations, acts of dishonesty, and major breaches of contract, as key constraint indicators for performance evaluation, serving as a critical basis for supplier downgrading or exclusion.

Furthermore, the Company routinely conducts supplier audits encompassing ESG dimensions. In the second-party audits of equipment and materials suppliers, carbon emissions, toxic substance management, labor rights, and commercial ethics were incorporated into the assessment scope, and selected suppliers were organized to undergo specialized ESG audits by third-party bodies. For suppliers exhibiting negative behaviors such as non-compliance or dishonesty, the Company implements strict controls and takes measures including suspension of business, warnings, or exclusion from participation, depending on the severity of the circumstances, to continuously enhance supply chain compliance and sustainable management levels.

¹⁸ Baosteel defines significant suppliers as those industry-leading suppliers who significantly impact product quality, maintain a large supply scale, and demonstrate excellence in quality, cost, delivery, technology, service, and green and sustainable development.

Key Dimension Indicators of Baosteel ESG Audit Standards



Social Responsibility Audit

- Child labor and young workers
- Forced Labor
- Employment relationship
- Health and Safety
- Freedom of association
- Discrimination
- Discipline
- Working hours
- Wages and Benefits
- Environment
- Compliance Evaluation
- Anti-bribery



Supplier Code of Conduct Audit

- Compliance with business ethics
- No improper benefit transfers
- Fair competition
- Regulatory Compliance
- Responsible Minerals
- Labor protection
- Safety
- Sustainable Development
- Data and Privacy Protection



Responsible Business Alliance Audit

- Labor
- Health and Safety
- Environment
- Ethics
- Management system

Concurrently, the Company engaged a third-party organization to participate in the audit of key suppliers. For suppliers involved in serious violations such as the use of child labor or disputes concerning responsible minerals, the principle of immediate disqualification shall be strictly enforced, and cooperation shall be terminated or suspended.

On-site audits were conducted for **28** raw material suppliers and **102** equipment and material suppliers.



A third-party organization was engaged to conduct on-site audits of **11** suppliers for equipment and material suppliers and raw material suppliers.



A total of **100%** of raw material suppliers and **63%** of equipment and material suppliers have passed the Company's social responsibility assessment through questionnaires and on-site audits.



The coverage rate of new manufacturers conducting questionnaire surveys and audits has reached **100%**.



During the Reporting Period, no major incidents involving significant labor disputes or environmental violations occurred with the Company's suppliers. In respect of identified potential risks or general issues, the Company assists suppliers in formulating rectification action plans via remote or on-site methods, clarifies rectification objectives and deadlines, continuously monitors progress on improvements, and drives a steady enhancement of the overall ESG management standards across the supply chain.

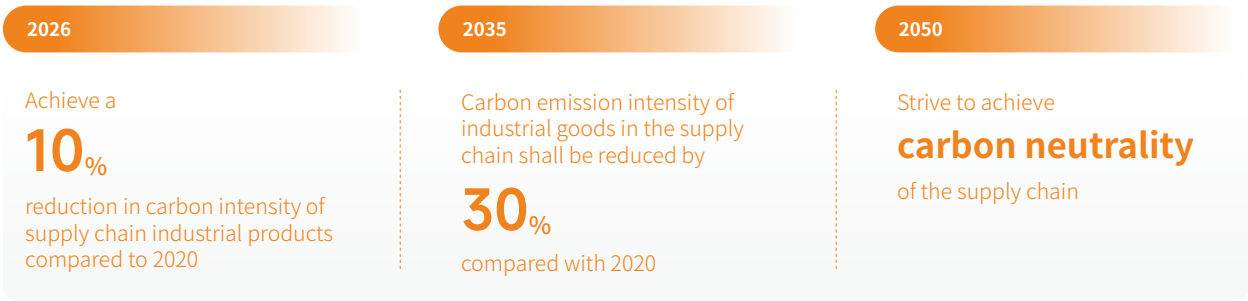
Indicators	Unit	2024	2025
Supplier			
Number of tier 1 suppliers	/	433	458
Number of significant tier 1 suppliers	/	416	322
Proportion of total expenditure to significant tier 1 suppliers (raw materials)	%	74	60
Proportion of total expenditure to significant tier 1 suppliers (equipment and materials)	%	50	52
Number of significant non-tier 1 suppliers	/	2,385	2,536
Number of significant suppliers	/	2,801	2,858
Supplier assessment			
Total number of suppliers assessed via desk assessments/on-site assessments	/	2,906	2,987
Target proportion of critical suppliers to pass the desk-based and on-site assessments	%	100	100
Proportion of critical suppliers that have passed desk-based and on-site assessments	%	100	100
Number of critical suppliers that have undergone assessments due to significant actual or potential negative impact	/	30	37
Proportion of critical suppliers that have agreed to corrective actions/improvement plans among those with significant actual or potential negative impact	%	100	100
Number of critical suppliers whose partnership has been terminated due to significant actual or potential negative impact	/	118	168
Suppliers who carry out corrective action plans			
Number of suppliers supported to carry out corrective action plans	/	30	37
Target proportion of suppliers supported to carry out corrective action plans	%	100	100
Proportion of suppliers receiving support to implement corrective action plans among suppliers assessed as having significant actual or potential negative impacts	%	100	100
Supplier capacity building			
Number of suppliers participating in the capacity building program	/	1,315	1,649
Target proportion of suppliers participating in the capacity building program (raw materials)	%	40	84
Target proportion of suppliers participating in the capacity building program (equipment and materials)	%	8	57
Proportion of uniquely significant suppliers participating in the capacity building program	%	21	56

Green Supply Chain

Fully leveraging its leading role in the industrial chain, Baosteel proactively promotes upstream and downstream enterprises to carry out full lifecycle carbon reduction actions, facilitating the green and low-carbon transformation of the industrial chain, and contributing to the sustainable development of the steel industry. This initiative assists the industrial chain in achieving a green and low-carbon transformation and contributes to the sustainable development of the steel industry. In the procurement process, the Company prioritizes the acquisition of green and low-carbon products. In accordance with the *Performance Evaluation Standards for Goods Suppliers*, the ESG management orientation of the procurement supply chain is further strengthened by increasing the weighting for evaluation indicators such as product carbon footprint accounting, green product certification, and product carbon emission reduction.

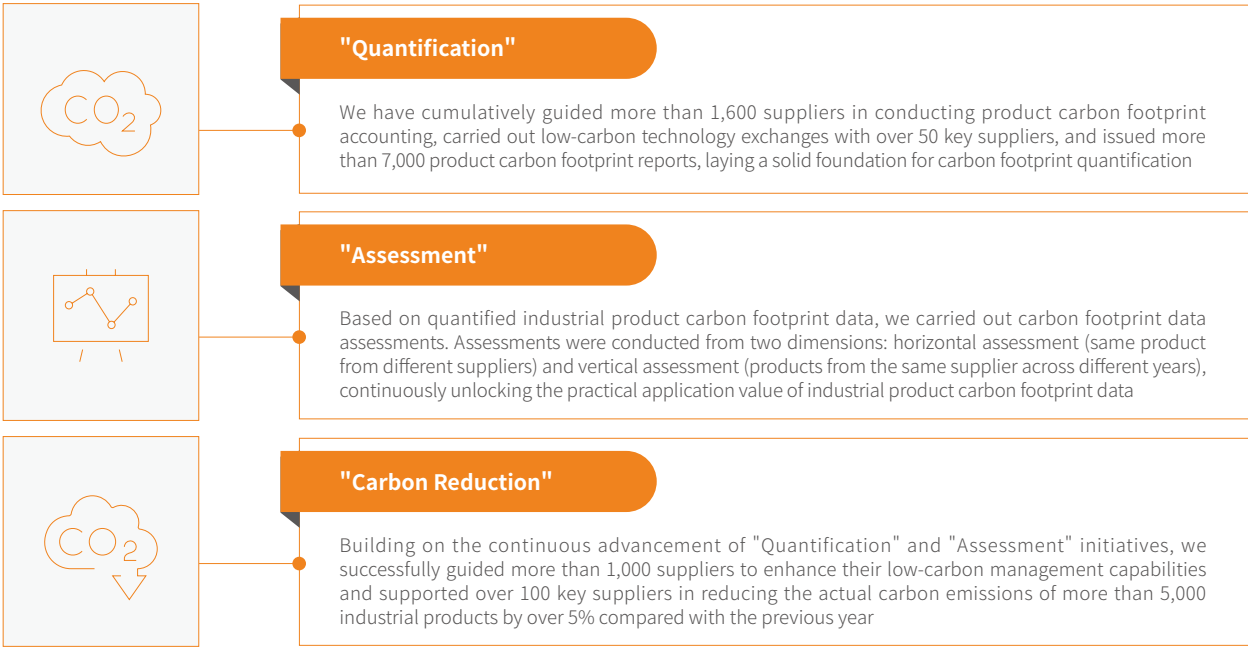
Baosteel Green Supply Chain Objectives

To facilitate the green and low-carbon transformation of Baosteel's various steel production bases, with regard to industrial product procurement:



In the supply chain management process, in accordance with the low-carbon development strategy of "quantification – assessment – carbon reduction", the Company formulated and implemented a supply chain carbon reduction plan. By establishing a systematic carbon management mechanism, the Company continuously promotes upstream and downstream enterprises within the industrial chain to carry out carbon accounting and carbon reduction actions. The Company has continuously refined its green and low-carbon supply chain management policy, integrating the concept of green development throughout the entire procurement and supplier management process. It is progressively establishing a green supply chain management system covering supplier admission, performance evaluation, cooperation incentives, and risk control.

"Quantify, Assess, Decarbonize" Low-Carbon Development Pathway



In the procurement process, Baosteel prioritizes the acquisition of green and low-carbon products and continuously optimizes the supplier performance evaluation mechanism. In the *Performance Assessment Criteria for Goods Suppliers*, we have further strengthened the ESG orientation by incorporating green and low-carbon evaluation indicators into supplier performance assessments and the selection of exemplary suppliers. Additionally, increased weighting has been assigned to indicators such as product carbon footprint accounting, green product certification, and product carbon emission reduction. Concurrently, the Company encourages suppliers to actively advance their green transformation. Positive incentives are provided to suppliers that have obtained Green Factory certification, conducted Green Product certification, or published ESG reports or social responsibility reports, thereby supporting the application and promotion of green products within the Baosteel supply chain system. For suppliers engaging in negative conduct such as violations or dishonesty, the Company adheres to a "zero tolerance" principle and implements control measures including suspension of business, warnings, or entry bans in accordance with laws and regulations, thereby continuously enhancing supply chain compliance and sustainable development levels.

In promoting collaborative carbon reduction across the supply chain, the Company actively guides suppliers to participate in carbon management, refines the supply chain carbon data management mechanism, strengthens the verification of raw data for carbon accounting, and enhances the standardization and transparency of the accounting process. The Company has established a carbon data verification mechanism, engaged third-party institutions to conduct professional validation of the carbon accounting system, and successfully obtained TÜV authoritative certification, thereby further enhancing the scientific rigor and credibility of supply chain carbon management.

By continuously advancing the construction of a green supply chain, Baosteel has deepened low-carbon cooperation with suppliers and driven collaborative emission reductions across the industrial chain. In 2025, the Company guided a cumulative total of 430 suppliers and 950 products to conduct carbon accounting and publish product carbon footprint reports. It completed carbon performance assessments for 53 key suppliers and issued 90 carbon reduction recommendations (equipment and material suppliers). This initiative continues to drive supplier participation in decarbonization actions, achieve collaborative emission reductions across the upstream and downstream supply chain, and contribute the industrial chain's strength to addressing global climate change.

Supply Chain Decarbonization - Green Packaging Optimization

To advance decarbonization of the supply chain and enhance resource efficiency, Baosteel's Procurement Department collaborated with production units to optimize and upgrade packaging processes for steel products. WISCO Limited and Zhanjiang Steel have optimized the packaging process for cold-rolled products from the original "double-layer packaging comprising anti-rust paper and plastic film" to "barrier-type vapor phase anti-rust paper packaging", thereby reducing the volume of packaging materials used while ensuring product protection performance. This improvement has reduced the consumption of wrapping paper by approximately 28%. While reducing the consumption of packaging materials and effectively lowering carbon emissions, it has also achieved a reduction in packaging costs, thereby driving the upgrade of product packaging towards greener and low-carbon directions.



Standard packaging (anti-rust paper + plastic sleeve)



Packaging of high-barrier anti-rust paper

Responsible Minerals Management

Baosteel attaches great importance to the compliance and transparent management of the mineral supply chain, incorporates responsible mineral risks into the supply chain due diligence framework, and strengthens the scrutiny and supervision of key mineral sources. Tantalum, tin, tungsten and gold (collectively "3TG") minerals are widely utilized in the manufacture of relevant industrial products and components; their sourcing compliance directly impacts the sustainability of the supply chain and the reputation of the Company. The Company strictly adheres to the relevant requirements of the *Chinese Due Diligence Guidelines for Mineral Supply Chain* and the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*. The Company explicitly commits not to procure conflict minerals originating from conflict-affected and high-risk areas. Furthermore, the Company has published a statement titled *Responsible Mineral Management Policy* on its official website to publicly articulate its position.

To continuously strengthen the standardization and effectiveness of conflict minerals risk management, the Company organizes relevant internal audits annually and regularly engages third-party institutions to conduct independent reviews, thereby continuously assessing the implementation of supply chain due diligence. In the supplier management process, the Company incorporates responsible minerals due diligence into its onboarding and ongoing assessment procedures. Suppliers are required to disclose information regarding the origin of their minerals and their status concerning responsible minerals certification. Relevant documentation must comply with the requirements for certificates of origin and the Conflict Minerals Reporting Template (CMRT)¹⁹. For suppliers involved in responsible minerals controversies or failing to meet the Company's minimum compliance requirements, the Company shall take measures such as suspending or terminating cooperation.

Establishment of the Management System

- Formulate policies on responsible mineral sourcing
- Relevant departments establish a responsible mineral task force
- The Supplier Code of Conduct specifies relevant requirements

Risk Identification and Assessment

- Collect information through questionnaires
- Sort and identify suppliers related to 3TG minerals
- Conduct risk screening for suppliers potentially involving conflict minerals (in accordance with the RMI CMRT)
- Monitor supplier conditions dynamically
- Conduct supplier risk assessments and classify risks into high, medium, and low levels

Risk Response Measures

- Suspend all business with high-risk suppliers and conduct third-party audits to confirm risks
- Conduct third-party audits for medium-risk suppliers to confirm risks
- Regularly track information on low-risk suppliers
- Include conflict mineral clauses in supplier contracts

Independent Third-party Audits

- Suppliers identified as high-risk or medium-risk must undergo independent third-party audits annually
- Audit institutions are designated by Baosteel
- Audit reports are shared with customers

Management of Disclosure

- Disclosure of conflict minerals management in the annual *Sustainable Development Report* of Baosteel

Responsible Minerals Management Initiative

¹⁹ Developed by the Responsible Minerals Initiative (RMI).

Baosteel continues to refine its comprehensive risk management system by incorporating supply chain risks into the Company's overall framework for risk identification, assessment and response. Mechanisms for cross-departmental collaboration and graded control have been strengthened to enhance the systematic capacity to address supply chain volatility and uncertainty (Refer to the "Risk Management" section for details). By embedding supply chain risks into the Company's enterprise risk management process, the Company is able to timely assess the extent of impact based on identified potential risks and formulate targeted control measures, thereby enhancing the stability and resilience of the supply chain.

In relation to risks associated with the mineral supply chain, the Company has established a Strategy, Risk and ESG Committee. A Responsible Minerals Management Group has been appointed to coordinate the due diligence management of the mineral supply chain, thereby clarifying responsibilities, divisions of labor, and management boundaries. The Company continues to refine the "Six Step Method" management framework for mineral supply chains and associated due diligence procedures. It strengthens supervision and tracking of key mineral sources, supplier compliance performance, and potential high-risk scenarios, thereby promoting the standardization and normalization of the due diligence management mechanism.

"Six Step Method" Framework for Due Diligence Management of Baosteel's Mineral Supply Chain



Supplier Empowerment

Baosteel continues to strengthen empowerment and collaborative development for suppliers by ensuring a fair cooperative environment, supporting the growth of small and medium-sized enterprises, and promoting green transformation. These measures aim to enhance the capabilities of upstream and downstream entities within the industrial chain, jointly constructing a more robust and sustainable supply chain ecosystem.

In its collaboration with small and medium-sized enterprises, Baosteel has consistently upheld the development philosophy of openness, inclusiveness, and win-win cooperation. It has continuously fostered a procurement environment that is fair, transparent, standardized, and orderly, thereby effectively safeguarding the rights of all market entities to participate in competition on an equal footing in accordance with the law. The Company adheres to a policy-based foundation and process-driven assurance, without establishing differentiated thresholds based on enterprise scale or ownership structure. It provides small and medium-sized enterprises with commercial opportunities and cooperative respect equivalent to those afforded to large enterprises, thereby fostering a more diverse and resilient supply chain structure. Concurrently, the Company actively supports small and medium-sized enterprises (SMEs) in participating in the construction of green and low-carbon supply chains. For SMEs that have achieved positive results in low-carbon development, the Company provides sustained support through measures such as awarding bonus points in annual performance evaluations, encouraging the research and development of green and low-carbon products for practical application within the Company, and gradually increasing the proportion of green product procurement to drive the green transformation and capability enhancement of SMEs. During the Reporting Period, no instances of overdue payments to small and medium-sized enterprises occurred.

The Company places significant emphasis on communication and engagement with suppliers. It disseminates the latest low-carbon procurement concepts and management requirements to suppliers through diversified channels, continuously conducts ESG training and dissemination within the supply chain, and promotes the implementation of the concept of shared responsibility throughout the industrial chain. The Company actively promotes energy conservation and emission reduction targets to facilitate the green transformation of its supply chain. Concurrently, training and knowledge sharing are conducted through various channels, including business exchanges, on-site audits, joint organizational initiatives, and supply chain partner conferences, to promptly communicate requirements regarding sustainable development and responsible supply chains to suppliers.

Baosteel Convened a Supply Chain Partners' Conference to Advance the "Co-Chain" Initiative

In November 2025, Baosteel participated in the "New Low-Carbon Metallurgy Modern Industrial Chain Co-Chain Action and Global Procurement Supply Chain Partner Conference" hosted by China Baowu. The conference, themed "Global Connectivity and Shared Value", brought together nearly 130 supplier enterprises and over 300 representatives from the industrial chain from around the world to engage in exchanges and cooperation on topics including collaborative innovation within the industrial chain, green and low-carbon transformation, and the stability and security of the supply chain.

The Conference covered the areas of raw material procurement and industrial goods procurement for the first time. Through forms such as dialogue with industry chain partners, display of supply chain achievements, and initiation of cooperation, it promoted deepened collaboration between upstream and downstream enterprises in green low-carbon technologies, supply chain synergy, and innovative development. At the meeting, China Baowu presented the Honor for Global Excellent Supply Chain Partners and, together with industry chain partners, explored more intelligent, green, and efficient pathways for supply chain development, continuously promoting collaborative innovation and green transformation within the steel industry chain.



Baowu Group Supply Chain Partner Conference

Industry Co-construction

Baosteel continues to explore strategic partnerships with suppliers and other industry leaders, fully leveraging its technological and innovation advantages. We actively engage in industry exchanges and sharing by participating in the formulation of industry standards, establishing strategic partnerships with industry partners, and attending industry exhibition events, thereby contributing to the high-quality development of the steel industry. As of the end of the Reporting Period, Baosteel had joined 78 social organizations, including the World Steel Association, the China Iron and Steel Association, and the Global Low-Carbon Metallurgy Innovation Alliance, continuously expanding the depth and breadth of its industry participation and engagement.

Baosteel has cultivated expertise in domestic and international standardization work within key areas. Proceeding from the standpoint of leading industrial development and focusing on strategic directions, it has actively participated in domestic and international standardization activities. We have further implemented and deepened the reform tasks for standardization, strengthened the supporting and guiding role of standards, and promoted high-quality development in the steel industry.

Participated in the Formulation of the Green Supply Chain Guidelines to Promote Low-carbon Collaborative Development Across the Industry

In 2025, Baosteel participated in the drafting of the *Green Supply Chain Guidelines* led by the Social Responsibility Bureau of the State-owned Assets Supervision and Administration Commission of the State Council, actively contributing practical experience and professional expertise to promote the green transformation of the industrial chain. This Guideline focuses on the construction of a green and low-carbon supply chain. It provides a guidance framework for enterprises to systematically advance green supply chain management by addressing key areas including: the improvement of the green and low-carbon supply chain management system; the promotion of low-carbon transformation across all stages of the supply chain; the consolidation of foundational support for the green supply chain; and the strengthening of organizational guarantee mechanisms.

By participating in the formulation of guidelines, Baosteel has shared its practical experience in green procurement, supply chain decarbonization and supplier management with the industry, thereby promoting the development of a more systematic cooperation mechanism among upstream and downstream entities within the industrial chain regarding low-carbon development, resource synergy and responsibility management.

Baosteel continues to deepen collaborative cooperation with upstream and downstream enterprises within the industrial chain. Through multi-dimensional collaboration encompassing material research and development, technological innovation, and industrial application, it promotes the green transformation and high-quality development of the steel industry chain. The Company and its partners have conducted joint exploration in areas such as low-carbon material development, green manufacturing, and supply chain collaboration, progressively building an open and mutually beneficial industrial ecosystem to provide robust support for the industry's transition towards low-carbonization, intelligence, and sustainable development.

Baosteel Collaborates with FAW-Volkswagen to Drive the Green Transformation of the Automotive Supply Chain

Baosteel and FAW-Volkswagen have established a deep cooperation to advance low-carbon development in the automotive industry, jointly promoting the innovative application of low-carbon steel materials in the field of automobile manufacturing. The two parties jointly developed the first bottle-seal® electrogalvanized side outer panel part in China to utilize electric arc furnace smelting technology, achieving a carbon reduction of approximately 60%. This initiative realized a key technical breakthrough in high-quality outer panel steel under full scrap steel smelting conditions. While satisfying the requirements for ultra-high purity and formability of automotive outer panels, it significantly reduced material carbon emissions, thereby providing critical material support for the low-carbon transformation of the automotive industry. This project is founded upon the long-term strategic cooperation between both parties. Through collaborative efforts across multiple stages, including material design, process development, component prototyping, and whole-vehicle validation, a green innovation closed-loop encompassing "material-component-whole vehicle" has been established. Since the project commenced in 2024, the technical teams of both parties have continued to advance the development and application of low-carbon automotive steel sheets, progressively achieving scaled implementation. In 2025, FAW-Volkswagen had already applied Baosteel's low-carbon emission automotive steel sheets for mass production in 32 parts. Additionally, the first car outer panel component in China produced via electric arc furnace smelting with a 60% reduction in carbon emissions has completed small-batch verification. By deepening collaborative innovation across the industrial chain, Baosteel and FAW-Volkswagen have jointly explored pathways for the scaled application of low-carbon materials in automotive manufacturing. This initiative promotes the green and coordinated development of the steel and automotive industries, providing a practical demonstration for building a low-carbon supply chain and achieving the carbon peaking and carbon neutrality goals.



BAO-TEX® Electro-galvanized Side Outer Panel Part

Baosteel Silicon Steel Collaborates with Hitachi Energy to Drive Synergistic Innovation in Green Power Equipment

Baosteel and Hitachi Energy have established a deep cooperation regarding the low-carbon transformation of the steel industry and the application of green power equipment. In 2025, Hitachi Energy delivered a 200 MVA arc furnace transformer and a 40 MVA refining furnace transformer to the Baosteel Zhanjiang Steel Zero-Carbon Thin Steel Plate Project. The core laminations of both transformers were manufactured entirely using high-grade grain-oriented silicon steel supplied by Baosteel, thereby providing stable and reliable power support for electric arc furnace steelmaking. Both parties have established a "Materials-Equipment-Production" industrial chain cooperation model through collaborative innovation in materials and equipment. Baosteel Silicon Steel provides critical material assurance for the stable operation of electric arc furnaces under high-load conditions, leveraging its performance advantages such as low iron loss and high magnetic induction, while simultaneously supporting the Zhanjiang Zero-Carbon Thin Steel Plate Project in achieving green production. This collaboration has provided a demonstrative pathway for the steel industry to explore the synergistic development of low-carbon metallurgy and green equipment, thereby further promoting the green transformation of the upstream and downstream sectors of the industrial chain.



Transformer for Electric Arc Furnace at Zhanjiang Steel

Baosteel actively strengthens communication and cooperation with global supply chain partners through industry exhibitions and technical exchange platforms, continuously showcasing the Company's innovative achievements in high-end material research and development, low-carbon technology application, and industrial solutions. Through participation in international industry exchanges and industrial cooperation, the Company continuously expands its global cooperation network, promotes the application upgrades of steel materials in sectors such as energy, high-end equipment, and infrastructure, and facilitates collaborative development and green transformation across the industrial chain.

Baosteel Makes Its Debut at the China International Special Steel Industry Exhibition

From 12 to 14 November 2025, Baosteel participated in the China International Special Steel Industry Exhibition for the first time, concentrating on showcasing a range of special steel products including bars, wires and steel pipes, as well as comprehensive material solutions. During the exhibition, the Company systematically showcased products including gear steel, bearing steel, steel for bridge cables, and ultra Weathering resistant steel for photovoltaic supports, focusing on applications in key sectors such as automotive, rail transit, mechanical equipment, marine engineering, and energy. Furthermore, the application scenarios of special steel products in high-end equipment manufacturing were presented.

Concurrently, Baosteel demonstrated low-carbon steel products developed using the "green electricity + full scrap steel" electric arc furnace process. Notably, ultra-low carbon emission gas cylinder pipe products achieved a reduction in carbon emissions of over 60% compared to traditional processes. Through on-site technical exchanges and industrial alignment, the Company engaged in in-depth discussions with multiple industry clients regarding material applications, technical parameter matching, and customized solutions, thereby further promoting innovative applications of special steel materials within the supply chain.



Baosteel Participated in the China International Special Steel Industry Exhibition

Baosteel Participates in the Middle East (Abu Dhabi) International Oil Exhibition

In November 2025, Baosteel participated in the 41st Middle East (Abu Dhabi) International Oil Exhibition, where it showcased over ten categories of energy steel products, including oil and casing pipes, line pipes, low-carbon gas cylinder pipes, and nickel-based alloy rolled composite plates. The exhibition is one of the most influential oil and gas industry exhibitions globally, attracting over 2,250 exhibiting enterprises and more than 200,000 industry representatives. During the exhibition, Baosteel prominently demonstrated its technical capabilities in energy steel materials and engaged in exchanges and cooperation with international energy enterprises and industry partners. Discussions were held regarding the application prospects of steel materials in oil and gas exploration and energy equipment under the context of energy sector transformation, thereby further enhancing the Company's influence within the global energy value chain.



Baosteel participated in the 41st Middle East (Abu Dhabi) International Oil Exhibition



Harmonious Development

Baosteel, underpinned by the ethos of "harmonious development", has consistently upheld the core philosophy of "employees first", regarding talent as the fundamental driver for sustainable growth. We are committed to cultivating a diverse and inclusive professional ecosystem, refining recruitment and employment mechanisms, and fostering a work environment characterized by respect, equality, safety, and peace of mind. This enables employees to achieve the mutual growth of personal value and corporate development within an inclusive and open setting. Concurrently, the Company actively fulfils its community responsibilities by collaborating with various stakeholders to construct a warm and mutually supportive social community. This initiative promotes the deep integration of corporate growth and humanistic care, thereby achieving the synergistic advancement of economic benefits and social value.



Employee Engagement

Baosteel adheres to the principles of compliant employment and fair recruitment. Institutional policies are implemented to safeguard employees' legitimate rights and interests, thereby establishing a diverse, inclusive, and equitable employment environment. We continuously optimize the talent selection mechanism to recruit high-caliber professional talents globally, thereby injecting a steady stream of intellectual support and innovation vitality into the high-quality development of the core steel business.

Compliant Employment

Baosteel is committed to establishing a lawful, fair, and inclusive employment management system, strictly complying with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and other relevant regulations in the jurisdictions where its business operations are conducted. We have established and improved a system of policies covering recruitment, selection, and talent management. Clear principles governing recruitment and termination have been defined. Through institutionalized and standardized measures, the legitimate rights and interests of employees are effectively safeguarded, thereby fostering harmonious and stable labor relations. We strictly adhere to the red lines concerning child labor and forced labor, resolutely precluding all forms of unfairness and discrimination in the recruitment process. We create an environment of equality, transparency, and fairness for all applicants, ensuring that the entire recruitment procedure is conducted in a standardized and orderly manner.

Indicators	Unit	2024	2025
Total number of employees	Person	46,048	46,135
By gender			
Male	%	88.18	88.21
Female	%	11.82	11.79
Proportion of women in senior management positions	%	8.36	8.37
By age			
Below 30	%	14.55	15.29
30-40	%	26.64	24.84
40-50	%	34.43	33.99
Above 50	%	24.38	25.88
By nationality			
China	%	98.46	98.53
Overseas	%	1.54	1.47
Minority groups / Vulnerable groups			
Minority ethnic groups (ethnic minorities)	%	2.54	2.71

Indicators	Unit	2024	2025
Vulnerable groups	%	0.58	0.51
Proportion of Minority groups/vulnerable groups in senior management position	%	3.01	3.05
Race			
Asian	%	98.90	99.02
Others	%	1.10	0.98
Employment			
Newly hired employees	Person	1,790	1,594
Male	Person	1,571	1,425
Female	Person	219	169
Turnover			
The number of employees who voluntarily resign	Person	684	575
Proportion of resigned employees to the total number of employees	%	1.49	1.25

Talent Recruitment

Baosteel has always firmly believed that talent is the core driving force for enterprise development and has placed talent resource development and management in a position of strategic priority. The Company has established a comprehensive talent policy framework, scientifically designed roles and optimized management models to support the implementation of the enterprise's overall strategy through its talent strategy. In terms of talent acquisition, we leverage a unified talent assessment framework to coordinate diverse online and offline channels, simultaneously advancing campus recruitment and social recruitment. This approach enables the precise introduction of high-quality skilled professionals, continuously injecting momentum into the Company's high-quality development. In 2025, Baosteel recruited over 1,300 individuals in total. While strengthening its talent pool, the Company actively fulfilled its social responsibility to stabilize employment and expand job opportunities.



Talent Demands Evaluation

Platform Evaluation

We work with outstanding human resources providers to improve recruitment efficiency

Candidate Evaluation

We evaluate candidates from multiple dimensions such as professional competence, learning ability, communication skills, collaboration capability, and stress tolerance to determine their comprehensive abilities and competencies for the jobs

Demand Evaluation

In view of future personnel changes, production line adjustments, and other factors, we accurately assess personnel demands through intensive research on the production lines, close communication with the employment plants/ departments, and industry benchmarking, and develop reasonable recruitment plans accordingly

Regarding campus recruitment, Baosteel has deepened the "dual-system" talent development model between enterprises and schools. With the establishment of a shared talent pipeline as the core, it has forged close cooperative relationships with universities both domestically and internationally. By establishing mechanisms such as industry-university cooperation working groups, regular joint meetings, and special funding for "Baosteel Classes", the Company has achieved the sharing of advantageous resources and strengthened the integration of industry and education. The Company established a platform for best practices, strengthened the planning and monitoring of the "Talent" summer internship program, and rationally planned and implemented structured, multi-stage internship tasks. In 2025, the Company advanced the "Joint Final Project" initiative for undergraduate interns in operational maintenance roles to precisely align with industrial requirements. The "Dual System" internship curriculum was iterated to provide talent support for on-site operational and maintenance teams, thereby achieving a virtuous cycle of complementary strengths and shared resources between enterprises and educational institutions.

Regarding social recruitment, Baosteel, grounded in its corporate development strategy, has deepened the overall talent deployment. It has simultaneously advanced localized recruitment at domestic bases and local employment for overseas projects, thereby achieving a synergistic alignment between talent acquisition, regional development, and global expansion. In 2025, the proportion of local residents recruited across Baosteel's four major bases reached 26.5%, effectively leveraging its role in driving employment and significantly contributing to regional employment stability. The Company has actively advanced the development of its overseas talent pool. By combining social recruitment with campus recruitment and aligning with local industrial characteristics, it has widely attracted professionals from various fields, thereby effectively ensuring the supply of talent for overseas projects. Concurrently, the Company strictly adheres to local laws and regulations governing projects, standardizes employment management. Specifically, employees of the International Laser Welding Company located in the host country constitute 100% of the workforce, thereby achieving synergistic advancement of compliant employment and localization, and solidifying the talent foundation for overseas projects.

Key Achievements in Baosteel's Employer Branding Initiatives in 2025

- It was shortlisted for the second time on the "Top 100 Best Employers in China" list jointly released by Zhaopin and Peking University, and was awarded the 2025 National Campus Recruitment Case Award.
- It has successively been recognized as the "Most Popular Employer" for 2025 in a joint selection by Shanghai Jiao Tong University, East China Normal University, East China University of Science and Technology, Donghua University, and East China University of Political Science and Law.
- Awarded the title of "Best Partner" for 2025 in a joint selection by Fudan University, Tongji University, Shanghai University of Finance and Economics, Shanghai International Studies University, Shanghai University, and Shanghai University of Engineering Science.
- Awarded the title of "Most Influential Enterprise" by Donghua University in 2025 and recognized as a "Demonstration Unit for Collaborative Employment" by Shanghai University of Engineering Science in 2025.

Employees' Rights and Interests

Baosteel fully safeguards employees' legitimate rights and interests and fundamental human rights, establishing a fair, transparent, and competitive remuneration and benefits system. We have facilitated channels for employee communication and deepened humanistic care, seeking a balance between the rigidity of policy and organizational warmth, thereby continuously enhancing employees' sense of belonging and cohesion.

Safeguarding of Rights and Interests

Baosteel strictly complies with the requirements of relevant policies, including the *Trade Union Law of the People's Republic of China* and the *Provisions on Collective Contracts*. In light of actual circumstances, Baosteel has formulated internal management policies such as the *Labor Contract Management Measures* to establish a two-way communication platform that is open, transparent, fair, and democratic. We respect every employee's right to freely form and join trade unions and participate in collective bargaining, and we effectively safeguard the legitimate rights and interests of employees. The Company's trade union serves as an effective channel for communication between employees and the Company regarding their needs. Through various means such as factory situation briefings, staff representative congresses, and proposals from staff representatives, it promptly identifies and responds to employee demands.

Baosteel has established a two-way communication bridge between management and employees by regularly convening employee symposiums. This initiative ensures that practical concerns raised by employees in their work and daily lives are promptly listened to and addressed, thereby effectively implementing humanistic care.

Baosteel Convened a Symposium for Representatives of Young Technical and Business Personnel

In December 2025, Baosteel convened a symposium for representatives of young technical and business personnel. The Chairman engaged in face-to-face dialogue with young technical and business personnel at the frontline of production, sales, and research. In-depth discussions were held on four key topics: embedding oneself in frontline learning and practice, empowering innovation through role-based contributions, bravely shouldering the mission of being a pioneer in reform, and deeply practicing the Baosteel spirit. This initiative has strengthened young employees' alignment with the corporate strategy and the values of "integrity, innovation, green development, and synergy", thereby stimulating the motivation of young talent to engage in enterprise building and entrepreneurship.



Symposium of Representatives of Young Technical Business Personnel

Safeguarding Employees' Rights and Interests	2025 Targets
All Baosteel's in-service employees were members of the Labor Union	100%
Signed a collective agreement with the Company	100%
Labor contract signing rate	100%

Safeguarding of Human Rights

Baosteel strictly complies with laws and regulations including the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law on the Protection of Minors of the People's Republic of China*, the *Law on the Protection of Women's Rights and Interests of the People's Republic of China*, the *Trade Union Law of the People's Republic of China*, and the *Special Provisions on Labor Protection for Female Employees*. In reference to international norms such as the *Universal Declaration of Human Rights* and the *Declaration on the Protection of Human Rights*, Baosteel has formulated internal human rights guidelines, including the *Human Rights Basic Policy*. We have clearly established fundamental principles regarding core areas such as employee management, working environment, and remuneration and benefits to comprehensively safeguard the human rights of all employees and relevant stakeholders. In 2025, the Company issued the *Investment and Operation Discipline*, which stipulates compliance requirements for investment operations, overseas investment, and other areas, covering stages such as third-party labor employment abroad, thereby further strengthening full-process compliance management.

Baosteel fully respects and safeguards employees' rights and interests, and firmly prohibits all forms of child labor and forced labor. We have established the *Company's Code of Conduct* to define core recruitment criteria. During the recruitment process, we strictly verify the identity information of applicants and fully comply with all applicable laws and regulations in the relevant country or region. We strictly prohibit the employment or acceptance of laborers who do not meet the local minimum employment age. In relation to the prohibition of forced labor, we strictly prohibit the conclusion of any employment contracts involving slave labor, forced labor, debt bondage or bonded labor. We commit to strict compliance with local laws and regulations and firmly resist all forms of involuntary labor. In 2025, Baosteel experienced no incidents of child labor or forced labor.

Furthermore, Baosteel has established internal policies, including the *Standard for the Management of Labor Employment Risk Prevention* and the *Administrative Measures for Employee Complaints and Appeals*, which explicitly prohibit discrimination on any grounds such as gender, race, nationality, religious belief, skin color, age, disability, or marital status, as well as workplace sexual harassment covering both the workplace and work-related scenarios. We have established reporting channels, including a 24-hour hotline (021-26648088), and undertake to safeguard the confidentiality of whistleblowers' information while initiating prompt investigations and handling procedures upon receipt of any report. In 2025, Baosteel experienced no incidents of human trafficking, discrimination, or harassment.

Baosteel's Human Rights Due Diligence

Key Issues	Subjects	Findings	Mitigation Measures
No child labor	All employees	During the Reporting Period, the Company received no internal or external complaints or government penalties.	■ During recruitment, applicant identity information shall be strictly verified in compliance with the laws and regulations of the relevant country or region to ensure that no worker below the minimum employment age is employed.
No forced labor		During the Reporting Period, the Company received no internal or external complaints or government penalties.	■ Strict measures shall be implemented to ensure that all employees work voluntarily, thereby precluding debt bondage, contractual labor, or any other form of forced labor; ■ Leave should be arranged appropriately to adjust employees' physical and mental well-being.
Eliminating discrimination and providing equal job opportunities		During the Reporting Period, the Company received no internal or external complaints or government penalties.	■ Relevant training shall be provided to interviewers, emphasizing the prohibition of unlawful discrimination and compliance with employment laws and regulations. ■ Through internal training and publicity, regular human rights and labor rights training is conducted for all employees, with a coverage rate of 100% every two years.
Freedom of association and collective bargaining agreements		During the Reporting Period, the Company received no internal or external complaints or government penalties.	■ Baosteel has a collective agreement coverage rate of 100% for its employees. ■ A trade union has been established to understand and respond to employee demands through various channels, including factory situation briefings, workers' congresses, and proposals submitted by worker representatives. ■ In accordance with the <i>Administrative Measures for Employee Complaints and Appeals</i> , employees may report matters to the Company's Trade Union, Office, or Discipline Inspection and Supervision Department via telephone, letter, formal correspondence, in-person visit, or online channels, either on a named or anonymous basis.
Providing a healthy and safe workplace		During the Reporting Period, the Company received no internal or external complaints or government penalties.	■ Establish a work safety committee to implement the primary responsibility for safety at each level. ■ The Security Department conduct a special inspection on the implementation of operational safety, working environment standards, and occupational health measures. ■ The Baosteel Smart Security Management Information System (ISMIS) covers all bases and subsidiaries, supports multi-terminal operations, and facilitates online learning, work, supervision, and automatic warning.

Remuneration and Benefits

Baosteel adheres to a compensation and benefits system with industry competitiveness to attract, motivate, and retain core talent. It implements an allocation mechanism combining monetary and non-monetary incentives, continuously optimizes the compensation and benefits system, and balances internal equity with external competitiveness. The Company adheres to the allocation principle of "paying for job value, paying for work performance, and paying for individual contribution". The distribution of remuneration is not influenced by factors such as gender, age, or ethnicity, thereby ensuring fair and equitable allocation.

The Company has established a multi-tiered remuneration system encompassing base salary, performance bonuses, and medium-to-long-term incentives, grounded in job value, competency, and performance contribution. This system implements graded and classified management to enhance the incentive efficacy for key talent, fully mobilize employees' intrinsic motivation, and solidify the foundation for sustainable talent development.

Salaries and Bonuses

Basic Salary, Post Salary, Performance Bonus, Efficiency Bonus, Special Incentive, Science and Technology Award

Allowances and Subsidies

Post allowance, resettlement subsidy, transport allowance, meal allowance, housing rental subsidy, maternity subsidy, travel allowance, high-temperature subsidy, annual festival consolation subsidy, hospitalization consolation subsidy

Tenure Incentives

A three-year term responsibility system shall be implemented, with incentives to be realized upon the achievement of the three-year targets.

Medium-and Long-Term Incentives

Minimum shareholding requirements have been established for the CEO and the Executive Committee. Equity incentive schemes have been implemented for core key personnel. Profit-sharing incentives have been introduced for employees participating in technology projects. Growth incentives for young R&D backbone staff have been established for young research and development employees. Accumulative contribution incentives for technological innovation talents have been instituted for research and development employees

Remuneration and Benefits Covering All Employees

Baosteel is committed to promoting work-life balance for its employees, establishing a diversified care and security system, and addressing the practical difficulties faced by staff. For employees residing apart from their families, the Company provides support for family reunion leave; for employees requiring care for sick family members, leave arrangements are facilitated to safeguard family care needs. Taking Shanghai standards as an example, five days of parental leave have been implemented. Reasonable adjustments to working hours are made for pregnant female employees, while additional maternity leave is granted following childbirth, alongside the entitlement to nursing leave. Dedicated nursing rooms have been established concurrently to ensure that female employees during the nursing period are afforded daily breastfeeding time, thereby effectively safeguarding the legitimate rights and interests of female employees and assisting them in balancing career development with family responsibilities.

Concurrently, Baosteel has continuously refined its employee insurance protection system. Beyond the basic comprehensive accident insurance, it has integrated voluntary participation resources and innovatively explored a model for employee-funded group value-added insurance. By collaborating with insurance institutions to provide preferential underwriting channels for employees and their families, the Company has constructed a multi-layered and comprehensive insurance protection network. In 2025, Baosteel achieved a social insurance coverage rate of 100%.

Various Guarantees

Pension insurance, medical insurance (including maternity insurance), unemployment insurance, work-related injury insurance, housing provident fund, supplementary housing provident fund, enterprise annuity, comprehensive accidental injury insurance, million-RMB medical insurance, trade union mutual aid insurance, employee canteen, and health check-up

Holiday and Leave

Statutory holidays, weekends, paid annual leave, family visit leave, spouse visit leave, recuperative leave, and paid parental leave

Programs

Enterprise annuity plans, supplementary housing provident funds, health protection plans, health check-ups, and free working lunches, among other employee welfare schemes

Employee Support Activities

Sports and health activities; nursing room

Non-Monetary Benefits Covering All Employees

Employee Communication and Care

Baosteel aims to foster a warm, caring, and dynamic team atmosphere. It has established an employee care system coordinated by the Company, supported by administration, led by the trade union, and involving diverse participation, to ensure the effective implementation of various care initiatives. By implementing various employee care initiatives, supporting the development of internal clubs and associations, improving the working environment, and enriching employees' leisure cultural activities, efforts are made to enhance the quality of life for staff. In 2025, the Company steadily advanced the construction of employee service platforms and promulgated three special schemes: *Work Plan for Strengthening the Collection and Feedback of Employee Ideological Dynamics*, *Optimization Scheme for the Precise Care Action for Baosteel Expatriate Employees*, and *Action Scheme for Caring for Young Baosteel Employees*. These initiatives provided robust support for scientific decision-making and precise services in employee care, effectively enhancing employees' sense of happiness and belonging.

Baosteel has Launched a Thematic Activity for Long-Term Seconded Employees

"Five Years of Starlight" Thematic Activity

In November 2025, to recognize the outstanding contributions of long-term seconded employees, Baosteel, relying on its trade union organization, specifically launched the "Five Years of Starlight" thematic care campaign. The initiative focused on employees who had served abroad for a cumulative period of five years or more, providing them with bespoke commemorative gifts that combined symbolic value with the Company's corporate culture. The scheme covered approximately 400 individuals.



Baosteel Long-Term Seconded Employees "Five Years of Starlight" Themed Event

Baosteel has Launched a Thematic Activity for Long-Term Seconded Employees

"Love Across Mountains and Seas" Qixi Festival Themed Event

In July 2025, Baosteel conducted the Qixi-themed care activity "Love Across Mountains and Seas" for its seconded employees. We have customized and dispatched sets of gardenia blast furnace ornaments, embodying the distinctive characteristics of the Baoshan Base, to each expatriate employee. This gesture is made to express our sincere respect and gratitude to the employees steadfastly serving at overseas posts and their families who have silently dedicated themselves. By implementing caring measures, the Company conveyed corporate warmth, strengthened employees' sense of belonging and team cohesion, and consolidated the humanistic foundation for sustainable development.



Qixi Festival Theme Activity "Love Across Mountains and Seas" for Seconded Employees

Baosteel Conducted a Consolation Activity for Young Employees Residing in Single Dormitories on Duty During the Mid-Autumn Festival

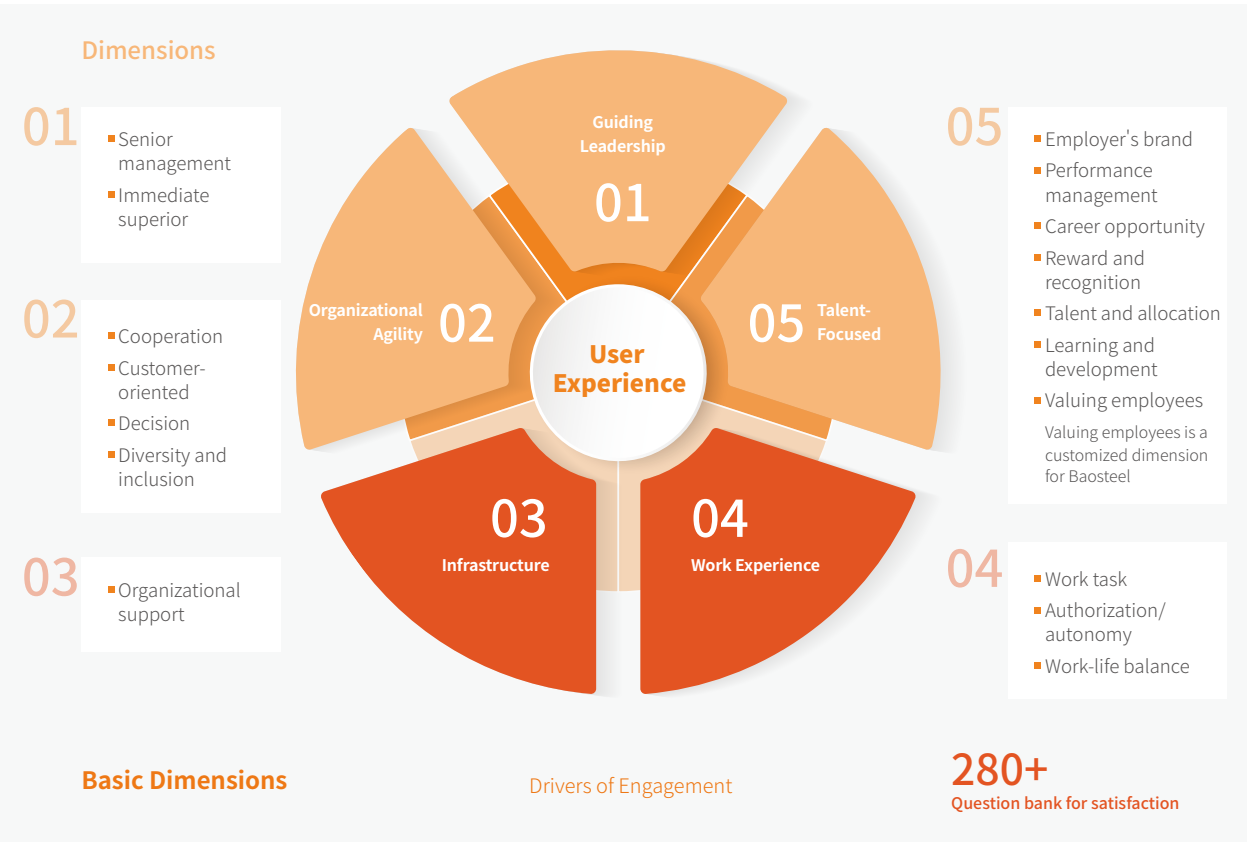
In October 2025, Baosteel conducted a consolation activity for young employees residing in single dormitories on duty during the Mid-Autumn Festival. The activity focuses on the key needs of young employees regarding diet and rest, accommodation safety, physical and mental health, providing precise care and warm support to young staff currently in post. This welfare initiative covered approximately 1,800 employees. Welfare items related to health and sports were distributed, incorporating distinctive corporate cultural identifiers to enhance the sense of belonging and cohesion among young employees.



Mid-Autumn Festival Welfare Activity for Young Employees on Duty in Single Accommodation

Baosteel conducts an engagement survey for all employees every two years based on the KINCENTRIC Engagement Model. The questionnaire systematically analyses the impact of the working environment on employees across key dimensions including career development, diversity and inclusion, work tasks, work-life balance, and learning and growth. It aims to proactively identify potential risks, safeguard employee rights, and continuously stimulate employee engagement and professionalism.

Baosteel regularly conducts employee engagement surveys covering 17 engagement dimensions. It is expected that this channel will be utilized to listen to employees' genuine feelings and feedback regarding their work, and targeted improvements shall be implemented based on common issues. During the Reporting Period, employee engagement stood at 77%, positioning the Company in the upper-mid tier of the Chinese market.



Employee Development

Baosteel has continuously optimized its talent management system in alignment with the Group's strategic deployment and business requirements. We have established a multi-level training system and a three-channel career development pathway. By fostering collaboration between enterprises and educational institutions as well as within the industry, we have constructed learning platforms to enhance employees' professional competencies. We routinely conduct succession planning for reserve talent, refine talent reservoir and incentive mechanisms, establish platforms for employee value realization, and solidify the talent foundation for high-quality corporate development.

Employee Empowerment

Baosteel attaches great importance to the enhancement of employee capabilities and the development of talent succession planning. A multi-dimensional and systematic training framework has been established to facilitate the continuous growth of employees. We continue to optimize the "159" talent initiative, building a high-quality and professional core workforce to solidify the talent foundation for high-quality development. Relying on the *Measures for the Administration of Employees' Voluntary Self-Directed Learning and Training*, Baosteel precisely aligns with employees' personalized development needs. It systematically supports academic advancement and professional qualification certification, establishing a scientific, efficient, and sustainable talent development mechanism through policy guarantees and systematic cultivation.



"159" Talent Project of Baosteel

Nine Programs

Operation Management Training Program	Smart Operation and Maintenance Talent Training Program
Leading Program	Digital Intelligence Talent Development Program
Engineer Excellence Training Program	Green Development Talent Program
Youth Talent Program	Deep Blue Program
Craftsman Training Program	

Talent Project of Baosteel

By 2027, the Company is committed to achieving the goal, namely a number of academicians or equivalent level of strategic scientists, a dozen Baowu scientists or high-level composite talent, a hundred-level industry leaders, thousands of outstanding engineers, 10,000-level highly skilled personnel.



Baosteel conducts capability development in accordance with its talent development strategy and business requirements to stimulate employees' intrinsic potential. We have developed personalized training programs for employees by integrating on-site research with an online learning platform. The entire training process is systematically monitored, statistically analyzed and managed through the online learning platform to precisely control implementation and ensure training effectiveness, thereby continuously enhancing employees' professional capabilities and comprehensive literacy.



Baosteel actively collaborates with renowned universities to establish the "Baosteel Digital Intelligence Engineer Competency Certification System", develop customized training programs, and explore new models for cultivating digital and intelligent talent within the steel industry. The Company has established an incentive mechanism for employees' voluntary self-directed learning outside of working hours to support the enhancement of academic qualifications and the acquisition of professional certifications, providing corresponding rewards in accordance with policy standards.

In 2025, the Company achieved a

100%

employee training coverage rate

with an average of

131

training hours per person

Baosteel Conducted a Workshop for Team Leaders

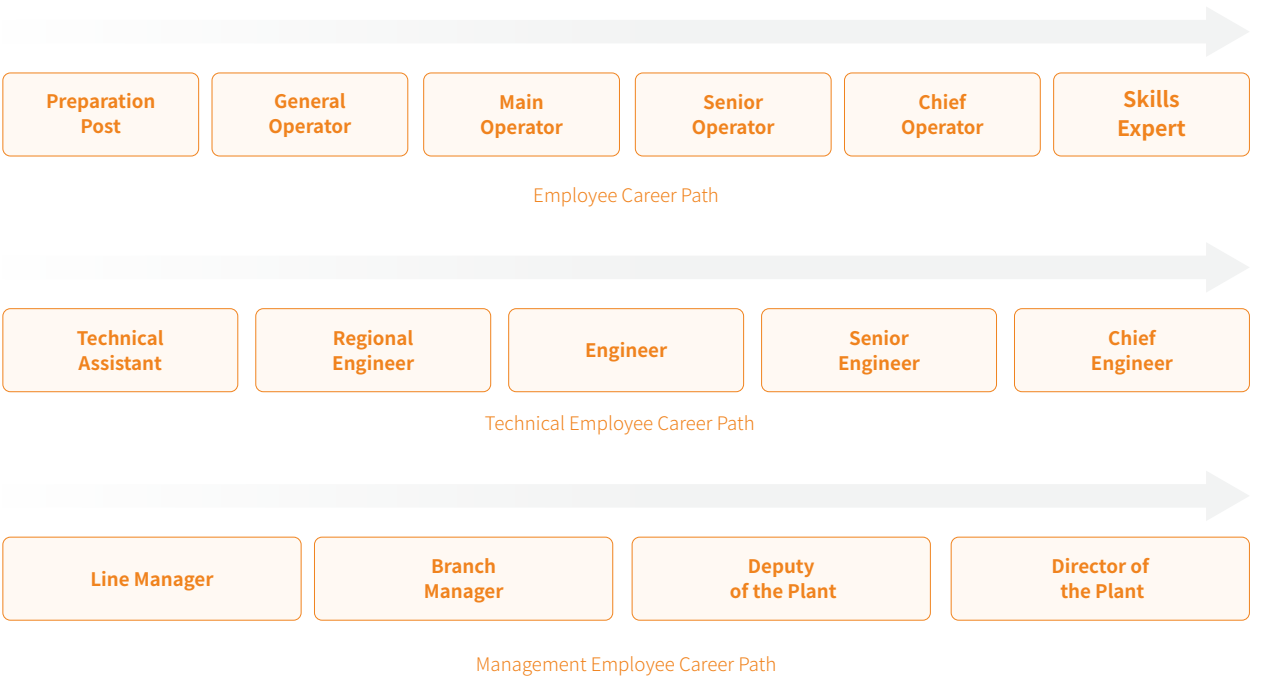
In 2025, Baosteel conducted a workshop for team leaders themed "Strengthening the Safety Foundation and Fortifying the Safety Defense Line", focusing on the requirement that "everyone is proficient in safety and everyone can respond to emergencies", thereby enhancing the safety management capabilities of grassroots teams. The activity facilitates the self-improvement of team leaders and the fulfilment of their management responsibilities through training courses on safety management and emotional management.



Activity of the Team Leader Training Seminar

Promotion Assessment

Baosteel has established a multi-level and comprehensive talent pipeline system and strictly standardized the job responsibilities of employees at all levels. Promotion assessments employ multi-dimensional and comprehensive evaluation and screening to ensure objective and diverse appraisal. On this basis, combining employee performance and development potential, we have established diverse career development pathways and clearly defined promotion channels. This provides employees in different roles with distinct growth directions and development objectives according to their specific strengths, thereby facilitating their long-term and stable development.



Baosteel has established a differentiated performance appraisal system tailored to the characteristics of different roles, thereby enabling precise and objective evaluation of employees' work value. We ensure that employee contributions are fairly recognized through the annual performance appraisal for all staff.

For management personnel, a 360-degree comprehensive evaluation mechanism has been implemented to collect feedback from multiple dimensions, assisting them in precisely identifying management weaknesses and continuously optimizing management capabilities and leadership standards. Furthermore, we have designated green and low-carbon development as a core assessment orientation and specifically incorporated ESG-related capabilities, including safety, environmental protection, social responsibility, governance, and compliance management, into the performance appraisal system for the senior management team.



Health and Safety

Baosteel upholds the core philosophy of "zero accidents and no injuries" and has established and improved its occupational health and safety management system. The Company has strengthened emergency management and occupational disease prevention measures, regularly conducts safety training and drills, fosters a safety culture, and ensures the provision of a healthy and safe working environment for employees and suppliers.

Occupational Health and Safety Management

Baosteel strictly complies with laws and regulations including the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and the *Work Safety Law of the People's Republic of China*. The Company has revised and improved policies such as the *Graded Safety Risk Control Standards*, the *Comprehensive Emergency Plan for Production Safety Accidents*, the *Safety Management Standard for Collaborative Suppliers*, the *Requirements for Reward Control of Reporting Hazards in Production Safety Accidents*, and the "Three Simultaneous" management standard for safety facilities in construction projects and occupational disease protection facilities, thereby standardizing work requirements for production safety and occupational health. We have established a dual prevention mechanism comprising graded risk control for safety hazards and the investigation and governance of hidden dangers to effectively prevent major and extra-major safety accidents.



Structure of Baosteel's Production Safety Committee

Baosteel has established a Safety Production Committee as the highest management body for safety production and occupational health and safety. The Safety Committee is chaired by the Chairman of the Board and has the CEO serving as Executive Vice-Chairman, with the CEO responsible for coordinating occupational health and safety strategy and performance control. In accordance with the *All-Staff Production Safety Responsibility System*, we have clarified the responsibilities of the Safety Committee, the Office, and all departments, thereby progressively solidifying the primary safety responsibility at each level. During the Reporting Period, no major or above production safety accidents occurred at Baosteel.

Baosteel regularly conducts certification of its occupational health and safety management system to achieve full coverage across all management processes and stages. In respect of the non-conformities and improvement recommendations identified during the audit, we have promptly incorporated them into the comprehensive management system to facilitate cross-departmental collaborative rectification and to conduct risk prevention measures by drawing inferences from one instance. During the Reporting Period, the coverage rate of ISO 45001 occupational health and safety management system certification at Baosteel's major production bases reached 100%.

In light of actual production and operational conditions, Baosteel has established medium- to long-term safety production objectives and plans, thereby continuously enhancing the effectiveness of safety management. We have incorporated multiple safety responsibility assessment indicators, including the number of major accident hazards, into the quarterly performance evaluations of all responsible persons. Simultaneously, a safety target has been established for the pass rate of occupational hazard factor testing at posts, and regular testing of occupational hazard factors in workplaces is being conducted in a standardized manner. In 2025, there were a total of three safety production incidents at Baosteel. The Total Recordable Incident Rate (TRIR) for both employees and contractors successfully met the annual safety targets.



Completion of Major Safe Production Targets and Indicators in 2025

Target Name	Completion of 2025 Targets
We implement all-staff production safety responsibility system, and ensure 100% effective implementation of the responsibility of managers at all levels to incorporate safety management into their respective industries, businesses, as well as production and operations.	Target reached
100% effective participation of self-management activities such as on-site employee safety awareness training, anti-violation, post risk identification, potential hazards screening, and safety commitment.	Target reached
100% effective rectification of issues identified in the safety supervisions and inspections.	Target reached
We identify and quickly manage major potential safety hazards dynamically, with 100% self-inspection detection and on-schedule rectification rate.	Target reached
100% implementation of prevention and rectification measures for production safety accidents.	Target reached
Prevention of major and above production safety accidents.	Target reached
No concealment, misrepresentation or delay in reporting production safety accidents.	Target reached

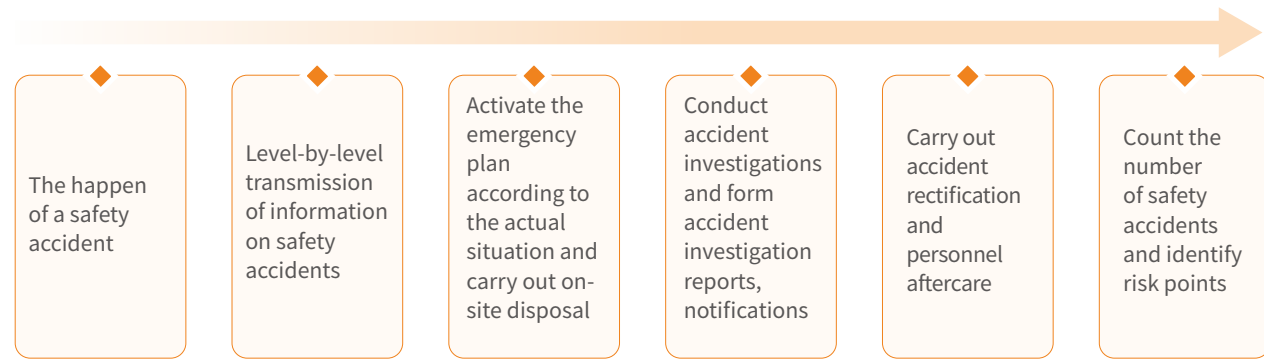
Indicator Name	Unit	2025 Target	2025 Actual
Frequency of injuries (including collaborative employees)	Number of injuries/million man hours	0.21	0.01
Injury severity rate (including collaborative employees)	Total lost time/million man hours	190	24.1

Indicators		Unit	2024	2025
Number of production safety accidents		/	4	3
Accidents involving personnel injuries		/	4	3
Among them:	Employees	/	1	2
	Contractors	/	3	1
Lost worktime injury severity		Total lost worktime rate (TLWR)/million man hours	25	24.1
Among them:	Employees	Total lost worktime rate (TLWR)/million man hours	1	1.4
	Contractors	Total lost worktime rate (TLWR)/million man hours	38	35.7
Total recordable injury frequency rate (TRIFR)		Total work-related injury rate (TLWR)/million man hours	0.03	0.01
Among them:	Employees	Total work-related injury rate (TLWR)/million man hours	0.04	0.02
	Contractors	Total work-related injury rate (TLWR)/million man hours	0.03	0.01
Number of people involved in dangerous sign events		Person	356	546
Among them:	Employees	Person	43	31
	Contractors	Person	313	515
Occupational health checks coverage		%	100	100

● Safety Risk Prevention

Baosteel regards risk identification, the accident handling process, and emergency drills as key components of safety management. Relying on the risk classification and control list, we continuously carry out hazard identification and risk assessment to promptly prevent potential risks and orderly handle emergency incidents, thereby establishing a robust safety barrier for the Company's stable development.

Baosteel has established a multi-dimensional inspection model centered on "layered inspections", encompassing joint patrols, pre-holiday checks, special inspections, specialized diagnostics, and routine inspections. This has resulted in a hazard governance system characterized by leadership-led supervision, in-depth diagnosis by professional personnel, and comprehensive participation by all staff. Upholding the principle that "an accident in one factory serves as a lesson for ten thousand factories", we have organized all bases to conduct hazard identification and rectification through measures such as information collection, weekly safety reports, and risk alerts. Specialized governance has been focused on key areas including internal vehicles, lifting machinery, confined spaces, electrical safety, and construction activities. In 2025, Baosteel identified a cumulative total of 562,845 potential hazards, and the level of safety management continued to improve.



Safety Accident Handling Process

The Baosteel Intelligent Security Management Information System (ISMIS) has achieved full coverage across the entire base and all subsidiaries. It supports online learning, operational supervision, and intelligent warning via multiple terminals. Through data integration and visual management, it provides support for safe production while continuously optimizing functional modules and intelligent applications. In 2025, all bases advanced the construction of smart safety in parallel: Meishan Base strengthened on-site violation control and comprehensive visual supervision by leveraging intelligent recognition and video management systems; Dongshan Base deepened the application of the smart safety risk control platform, achieving upgrades in personnel intelligent protection, online management of special operations, AI-based intelligent recognition, and automated equipment inspections, thereby driving the transformation of safety management towards digitalization, intelligence, and early warning capabilities.

Final Competition of the Baosteel Employee Skills Contest and Youth Skills Challenge: "Safety and Emergency" Project

In October 2025, the Company held the final round of the "Safety and Emergency" project for the Employee Skills Competition and Youth Skills Contest. The activity focused on critical safety emergency risk points at the production site, strengthening all-staff risk prevention and control capabilities as well as emergency response capabilities through practical drills. The competition comprises a theoretical assessment, case study analysis, and practical skills contest. Simulated responses were conducted across high-risk scenarios including confined space operations, emergency first aid for personnel, working at heights, and fire extinguishing, to comprehensively evaluate the participants' capabilities in risk identification, assessment, and on-site emergency response.



Baosteel "Safety and Emergency" Skills Competition Final

Safety Culture Construction

In accordance with its specific business characteristics and operational requirements, and by reference to applicable laws and regulations, Baosteel has established a series of thematic training courses on work safety and occupational health for professional staff at all levels. These initiatives are designed to enhance the safety awareness and professional competencies of relevant management personnel. Baosteel Direct Train has launched a special column on "Baosteel Safety Culture", featuring a range of safety culture works including the Safety Culture Manual (text and comic versions), Safety Calendar, Safety Culture Promotional Video, a series of Safety Education Short Films, and Safety Education Micro-films, to comprehensively promote and showcase the Company's safety culture construction. During the Reporting Period, the Company invested a total of RMB 536 million in work safety (including safety culture construction).

2025 Safety Training and Cultural Promotion Campaign

Base Type	Content of the Activity
Baoshan Base Safety Training	- A specialized online training session on safety culture works was organized for all employees at the Baoshan Base. Leveraging the "Huizhi Xueyuan" online platform, a series of safety culture works were systematically promoted to comprehensively cover all base employees, thereby assisting in strengthening the collective awareness of safety culture. - Advance the construction of the Baosteel Safety and Culture Center, aiming to establish a safety culture hub that integrates cultural education with experiential training, encompassing the five-in-one functions of exhibition, education, training, assessment, and evaluation. - Actively advanced the Human Resources and Social Security Bureau's 2025 Occupational Injury Prevention Project. Leveraging support from the social security fund, a deep collaboration was established with the expert team of the Wuhan Institute of Safety and Environmental Protection to develop a matrix menu for post-specific safety training. This initiative covered over 8,700 person-times, accumulated a total of 13,600 learning hours, achieved a pass rate of 99.14% in assessments, and enhanced the safety performance capabilities of all employees. - Keeping abreast of the latest laws, regulations, standards and specifications on work safety, multiple thematic training sessions were organized for professional heads and safety management personnel, covering over 200 person-times across various safety topics, thereby strengthening the compliance baseline.
Safety Training at Qingshan Base	- Precise education and training were implemented. Each factory department formulated 292 safety education and training plans, developed 272 position-specific courseware materials, compiled 158 question banks, and organized safety training examinations covering over 12,690 person-times. - The professional department conduct "One Topic per Month" training sessions, cumulatively covering over 1,000 person-times. - Company leaders, plant managers, and safety management personnel participated in special training organized by the Ministry of Emergency Management of China and network training provided by Baowu Group, cumulatively covering 10,800 person-times. - Basic experiential training was conducted for new entrants (including contractors) and frontline staff, cumulatively covering 12,500 person-times. - Certification and renewal of certification for personnel engaged in special operations and special equipment operations: 2,729 persons; safety qualification training and certification for main responsible persons, safety management personnel, and shift supervisors: 300 persons; supervision training for hazardous operations: 8,710 persons.
Meishan Base Occupational Health and Safety Training	- A comprehensive safety re-education program was organized for all staff. In total, 8,647 training sessions were conducted for Meigang employees and 16,657 for relevant parties throughout the year. To alert employees to enhance their risk identification awareness, alter their perception of the probability of accidents occurring, and diminish their luck mentality (luck-based mindset) regarding non-compliance through accident videos. - Participated in the work-related injury prevention training organized by Nanjing City. Twelve employees were assigned to designated training institutions in Nanjing City to undertake offline and practical training courses covering content such as work safety, warnings on occupational diseases, and knowledge regarding the prevention of work-related accidents. - In alignment with the 2025 "Safety Production Month" theme, activities such as "Safety Production Discussions", "Pre-shift Meetings", "Legal Education through Case Studies", "Baowu Safety Production Lecture Hall", and the "Health and Safety Escort" campaign were conducted. - In conjunction with the "100 Days Safety Without Accident" campaign, a special winter fire safety inspection was conducted for maintenance and technical renovation projects, with a focus on publicizing and training drills regarding winter heating of containers, construction electricity usage, and hot work operations. - Specialized training sessions were conducted on topics including "Smart Empowerment for Safety Risk Prevention and Management Practice", "Improvement of Hazard Identification and Rectification Quality", fire safety diagnosis prior to the commissioning of coke oven gas and cold-rolled color-coated production lines, the <i>Coking Safety Code</i>, and the "Two Preventive Measures" for conveyor belts, alongside a systematic investigation and rectification of safety risks.
Dongshan Base Occupational Health and Safety Training	- A series of fire safety publicity, training and practical drill activities with diverse forms, solid content and significant results were organized around the theme "Fire Safety for All, Life First – Safe Use of Fire and Electricity". - The 2025 Safety and Emergency Skills Competition was held, focusing on safety and emergency skills with the aim of integrating safety concepts into daily operations and transforming them into habits, thereby jointly fostering a strong atmosphere where "safety production is everyone's responsibility".

Baosteel Baoshan Base Convened a Promotion Meeting for Youth Safety Work and a Safety Culture Dissemination Meeting

In 2025, Baosteel convened the Youth Safety Work Promotion and Safety Culture Dissemination Meeting at its Baoshan Base. The meeting comprehensively expounded the strategic approach to safety culture construction across three dimensions: theoretical interpretation, conceptual guidance, and practical action. The meeting focused on enhancing the safety literacy of young employees and embedding safety culture. It aimed to strengthen their sense of responsibility for safety, promote the internalization of safety concepts into daily operational behaviors, consolidate the foundation of youth safety work, and support the continuous improvement of the Company's safety culture construction and production safety management standards.



Baoshan Base Youth Safety Work Promotion Meeting and Safety Culture Dissemination Meeting

Baosteel 2025 "Health and Safety Cup" Safety Debate Competition

In 2025, Baosteel's Baoshan Base conduct the 2025 "Ankang Cup" safety debate competition. The activity covered 12 factory departments at the Baoshan Base, aiming to enhance the logical expression and teamwork capabilities of the preparation teams and participants across all departments. This competition adopted a novel offline and live-streaming format, engaging nearly 1,000 person-times to watch the event in person at close range, while simultaneously achieving an online live-stream viewership exceeding 10,000 person-times.



Baoshan Base 2025 "Health and Safety Cup" Safety Debate Competition

Contractor Safety Management

In accordance with the *General Rules for Human Resources of Contractors*, Baosteel has adopted a "Four-Same" management model characterized by "one system, one standard, one requirement and equal treatment", thereby extending safety management standards comprehensively to contractors and collaborative units. We have established a collaborative safety management cooperation mechanism with our partners to jointly enhance safety management standards and performance outcomes. In respect of repeated breaches of safety prohibitions, stringent disciplinary measures have been implemented to effectively mitigate supply chain security risks, ensure the robust, safe and orderly operation throughout the entire production and business process, and consolidate the foundation of enterprise safety production management.

Scope and Responsibility of Safety Management

- Incorporate the content of safety-related responsibilities for foreign economic contracts into company management standards
- Actively promote the division of regional safety responsibilities, and consolidate regional safety management

Measures of Safety Management

- Organization of safety education
- Promote the overhaul of high-risk projects "downgraded"
- Remove unsafe factors from the perspective of collaborators and enhance operational safety conditions
- Conduct safety management diagnosis of collaborative projects such as new models

Assessment of Safety Management

- Implement assessment deductions for collaboration units, and assist in the supervision and rectification

Safety Management Measures of Contractors and Suppliers

Hazardous Chemicals Management

Baosteel strictly implements full-process control over hazardous chemicals in accordance with standards and specifications such as the *Identification of Major Hazard Installation for Hazardous Chemicals (GB 18218)*, covering all stages including procurement, transportation, storage, use, and disposal. We systematically identify risks associated with hazardous chemicals and their environmental impacts, standardize the management of major hazard installations, guide relevant departments to implement hierarchical control and disposal measures, effectively prevent safety and environmental risks, and ensure compliance and safety in production operations.

Hazardous Chemical Diagnosis and Assessment

- Hire a team of external experts to carry out diagnosis and evaluation of hazardous chemicals and major hazards in terms of systems and procedures, equipment and facilities, operation safety, etc.

Improve the Relevant Qualifications

- Promote the re-certification of the Certificate of Registration of Hazardous Chemicals, and sort out and map the production and operation of oxygen, nitrogen, argon, hydrogen, gas, sulfuric acid and other hazardous chemicals

Daily Testing and Inspection

- Carry out the responsible person dedicated management, regular site safety inspection of major hazards and record notification

Hazardous Chemical Management of Baosteel

Social Public Welfare

In the course of achieving robust operations and sustainable development, Baosteel has consistently placed the fulfilment of social responsibility at the core of its strategy, adhering to the principle of giving back to society and engaging in public welfare through concrete actions. We actively responded to the national call for rural revitalization, grounded in the practical needs of social development, and fully leveraged our professional expertise and resource endowments to carry out diversified and effective charitable and public welfare activities. In doing so, we conveyed the "Baosteel Temperature" and demonstrated the responsibility of a state-owned enterprise. During the Reporting Period, the total amount of social donations made by Baosteel amounted to RMB 81.4559 million.

Rural Revitalization

Baosteel has effectively integrated high-quality development with the rural revitalization strategy, proactively shouldering its mission to assist in the modernization of agriculture and rural areas. Over the past two decades, we have consistently provided targeted support to Jiangcheng County, Ning'er County, Zhenyuan County and Guangnan County in Yunnan Province. Focusing on key areas such as industrial development support, joint infrastructure construction and improvement of people's livelihoods, we have established a new pattern of collaborative development between enterprises and rural communities.

2025 Baosteel Rural Revitalization Achievements

Efforts were made to implement the designated assistance tasks for rural revitalization. Donations amounting to

RMB 73.2 million

were disbursed in a timely manner

and consumption-based assistance totaling approximately

48

aid and construction projects proceeded in an orderly fashion

The Company has responded to rural revitalization by establishing various assistance projects, directly or indirectly benefiting approximately

180,000 individuals

RMB 23 million

was completed



Guangnan County Rural Revitalization Livestock and Aquaculture Technical Training Project

In 2025, the Company invited several senior agricultural experts to visit farms and breeding facilities in Guangnan County, where they provided detailed instruction on advanced cultivation techniques and scientific breeding methods to farmers and breeders. Through on-site guidance and explanation by experts, farmers are able to gain a more intuitive understanding of how to fertilize and irrigate scientifically, prevent and control pests and diseases, optimize breeding environments, and improve breeding efficiency. This further promotes the quality improvement and efficiency enhancement of characteristic industries, providing robust support and assurance for the high-quality development of agriculture in Guangnan County. During the Reporting Period, the Company invested 1.5 million RMB in assistance funds to implement training programs regarding breeding and cultivation technologies, agricultural technical personnel, and new agricultural business entities.



On-Site Training for Dendrobium Courtyard Cultivation

Baosteel Conducted a Research Activity on "Targeted Assistance + Branch Co-Construction" in Puyi Township

In 2025, Baosteel visited Puyi Village and Gantang Village in Puyi Township to conduct a special visit on the theme of "Targeted Assistance + Branch Co-construction". Both parties signed a joint construction agreement. The research team conduct on-site inspections of the local tea industry and under-forest planting bases, engaged in in-depth exchanges regarding industrial models, technical management, and market prospects, thereby laying the foundation for subsequent precise policy formulation. The total value of funds and materials donated during this event amounted to RMB 174,570, with a focus on supporting the development of grassroots organizations and village-level communities.



Puyi Township Conducted a Research Activity on "Targeted Assistance + Branch Co-Construction"

Community Engagement

Baosteel is committed to co-creating a better life with the community and encourages employees to actively participate in public welfare volunteer services, thereby fulfilling its social responsibilities through concrete actions. We continue to enhance the interaction between enterprises and local communities and improve people's livelihoods, contributing to the construction of a harmonious, stable community environment characterized by co-governance and shared benefits. During the Reporting Period, Baosteel Co. Ltd. conducted a total of 88 volunteer service activities, with over 2,500 person-times participating and a total service duration exceeding 15,000 hours.

Baosteel Participated in the Multi-Party Joint Initiative themed "End-of-Year Safety Mobilization: Safeguarding the Changtan Safety Line Together" to Build a Safe Community

In 2025, Baosteel participated in the "Year-End Safety Mobilization: Safeguarding Changtan Together" community safety co-construction event for CCB Jianrong Jiayuan · Changtan Binjiang Community. Collaborating with the local police station, property owners, property management service providers, operation and management entities, and representatives of residents and tenants, the initiative focused on residential safety, risk prevention, and emergency co-governance, mobilizing multi-party efforts to build a robust community safety defense line. Through regular and diversified community engagement initiatives, the Company has continuously deepened its integration with local communities, fulfilled its corporate social responsibilities through concrete actions, and contributed substantial strength to building a harmonious community.



"Year-End Safety Mobilization: Safeguarding the Changtan Safety Line Together" – Multi-Stakeholder Initiative for Building a Safe Community

Baosteel Volunteer Service Team

In 2025, the Baosteel Volunteer Service Team upheld the volunteer spirit of "dedication, friendship, mutual assistance, and progress", focusing on areas such as enterprise development and community co-construction, while conducting volunteer services on a regular basis. The scope of services encompasses major event support, community public welfare, ecological and environmental protection, new arrival assistance, industrial science popularization for young people, youth exchange programs, and event services, conveying corporate warmth through diverse volunteer actions. A total of 88 volunteer service activities were conducted throughout the year, with over 2,500 person-times of volunteers participating and a total service duration exceeding 15,000 hours.



Baosteel Volunteer Service Team Series of Voluntary Activities



Education as Foundation

Baosteel has long been committed to the field of public welfare education, focusing on educational equity and the balanced allocation of resources. Through systematic and routine measures, it has strengthened the foundation of education and empowered the growth of young people, injecting sustained momentum into regional talent revitalization and long-term development.

Dongshan Base Collaborated with Nippon Paint China to Launch the Public Welfare Education Assistance Activity "Beautiful Baosteel, Coloring for Love"

The Company continues to deepen its philanthropic practices and supports regional education and sustainable development. In 2025, Zhanjiang Steel and Nippon Paint China jointly launched the "Beautiful Baosteel: Coloring Love" public welfare education project, implementing environmental upgrades and facility renovations at Dongjian Primary School and Longshui Primary School in the Zhanjiang Economic Development Zone. Project investment exceeded RMB 1 million, allocated for the renovation of school gates, construction of new basketball courts and synthetic running tracks, beautification of teaching buildings, dormitories and perimeter walls, with a painting area of approximately 5,500 square meters. These measures have effectively improved the educational conditions and learning environments of both schools.



"Beautiful Big Baosteel: Adding Color to Love" Public Welfare Education Assistance Activity

Baosteel has Conduct a Charitable Educational Assistance Activity in Conjunction with Pu'er City, Yunnan Province

In 2025, Baosteel implemented the "Hand-in-Hand" Love Education Assistance Partnership Project in Ning'er County, Pu'er City, Yunnan Province. The sponsorship team held a donation ceremony at Ning'er Town No. 1 Primary School, providing financial assistance to 89 needy students of excellent academic and moral standing. A total of RMB 242,000 was donated as scholarships. Relevant officials from Ning'er County and the Red Cross Society attended the event. The Company has continuously implemented the "Hand-in-Hand" paired assistance program for education in Ning'er County, Yunnan Province, for nine consecutive years. All project funding is derived from voluntary donations by employees. As of 2025, the project has cumulatively assisted 907 student instances with a total donation amount reaching RMB 2.4 million, effectively contributing to regional educational equity and ensuring access to education for students in financial difficulty.

Concurrently, the Company conduct a Hope Education Donation activity in Jiangcheng County, Pu'er City, Yunnan Province, donating educational funds of RMB 160,000 to Mengkang Primary School in Kangping Town, which were designated exclusively for improving campus teaching and living facilities. The Company has continued to deepen the "Steel Enters Campuses" brand initiative. It organized youth lecturers to visit Mengkang Primary School to deliver a thematic course titled *How Steel is Forged — When Iron Man Meets the Borderland Red Scarf*. This activity aimed to disseminate knowledge on steel production to students, showcase the Company's development practices, and convey the spirit of steel.



"Hand-in-Hand" Paired Student Sponsorship Program

Appendix 1: Key Data Indicators

"/": The Company has not disclosed historical data for certain indicators. Through the enhancement of ESG indicator management levels, such data will commence disclosure in 2023, 2024, or 2025.

Economic Performance

Indicator	Unit	2023	2024	2025
Total revenue	100 million RMB	3,448.68	3,221.16	3,175.08
Total costs	100 million RMB	3,351.15	3,166.26	3,063.72
Operating costs	100 million RMB	3,231.27	3,045.46	2,945.23
Sales costs	100 million RMB	17.82	16.91	17.93
Administrative costs	100 million RMB	42.67	40.20	37.62
Research and development costs	100 million RMB	34.19	37.79	38.96
Financial costs	100 million RMB	9.94	12.76	9.82
Impairment loss of assets	100 million RMB	-2.17	-5.79	-8.88
Investment income	100 million RMB	44.21	20.99	27.96
Operating profit	100 million RMB	159.84	100.08	139.93
Total profit	100 million RMB	150.86	93.39	131.57
Net profit	100 million RMB	137.41	85.68	114.12
Social contribution value per share	RMB per share	1.97	1.46	1.80

● Board and Investor Communication

Indicator	Unit	2023	2024	2025
Average board attendance rate	%	100	100	100
Minimum board attendance rate	%	50	50	50
Number of Independent Directors	Person	5	5	4
Proportion of Independent Directors	%	45	50	40
Proportion of female directors	%	9	10	20
Earnings releases	/	2	2	2
Investment strategy sessions	/	46	84	92
Investment Strategy Sessions	/	41	31	30
Investor interview reception	/	33 batches / 161 persons	41 batches / 213 persons	38 batches / 298 persons
Other		Overseas investor roadshows: 28 on-site sessions and 8 online sessions Answering questions from investors: 400 teleconferences for capital markets 1 external meeting: three meetings ("I am a shareholder", meeting: Baowu Investor Meeting, Special Session about Blue-chip Baosteel)	Overseas investor roadshows: 18 Answering questions from investors: 261 Activity of the "Investors' visits to Listed Companies": three sessions	Overseas investor roadshows: 32 Responses to online investor inquiries: 263 Organized one "Investors Visit Listed Companies" event.

● Business Ethics and Information Security

Indicator	Unit	2023	2024	2025
Proportion of operating sites that have conducted internal audits/ risk assessments for business ethics issues as a percentage of total operating sites	%	100	100	100
Proportion of third-party compliance systems ISO 37301 certified	%	25	25	100
Number of Reports Generated Through the Whistleblowing Procedure	/	31	34	48
Number of corruption and bribery incidents recognized	/	0	0	0
Number of harassment or discrimination incidents recognized	/	0	0	0
Number of reports generated by reporting procedures	/	0	0	0
Number of conflicts of interests incidents recognized	/	0	0	0
Number of money laundering or insider trading incidents recognized	/	0	0	0
Proportion of operating sites with information security management systems (ISMS) ISO 27000 certification (or other equivalent and comparable standards) out of total number of locations	%	25	75	100
Number of information security incidents recognized	/	0	0	0
Number of information breach incidents	/	0	0	0
Total number of customers and employees affected by the information breaches	Person	0	0	0
Specific amount involved in data security incidents	10,000 RMB	/	0	0
Specific amount involved in customer privacy breach incidents	10,000 RMB	/	0	0
Losses caused by violations of laws and regulations related to data breaches/customer information leaks	10,000 RMB	/	0	0
Number of verified complaints involving infringement of customer privacy and loss of customer data	/	/	0	0
Number of training sessions related to data security/customer privacy protection	/	/	3	3
Coverage rate of training related to data security/customer privacy protection	%	/	99	99
Average training hours per person for data security/customer privacy protection	hour	/	0.5	1.5
Coverage rate of sensitive data encryption	%	/	100	100
Coverage rate of access control mechanisms	%	/	100	100
Total number of directors trained on anti-bribery and anti-corruption	Person	/	3	4
Total number of anti-bribery and anti-corruption training participants - Management	Person	/	/	40

Indicator	Unit	2023	2024	2025
Total number of employees other than staff receiving anti-bribery and anti-corruption training	Person	/	/	/
Percentage of directors covered by anti-commercial bribery and anti-corruption training	%	/	27.3	40
Percentage of management personnel covered by anti-commercial bribery and anti-corruption training	%	/	100	100
Percentage of other employees covered by anti-commercial bribery and anti-corruption training	%	/	100	100
Overall percentage of personnel covered by anti-commercial bribery and anti-corruption training	%	/	99.99	99.99
Amount of administrative penalties for unfair competition practices	RMB	/		0
Amount involved in unfair competition cases	RMB	/		0

Occupational Health and Safety

Indicator	Unit	2023	2024	2025
Total investment in safety	100 million RMB	5.22	4.42	5.36
Number of production safety accidents	/	6	4	3
Number of production safety accidents involving injuries	/	4	4	3
Among them: employees	/	4	1	2
contractors	/	0	3	1
Occupational health checks coverage	%	100	100	100
Number of occupational morbidity	Person	0	0	0
Number of people involved in dangerous sign events	Person	553 ²⁰	356	546
Among them: employees	Person	22	43	31
contractors	Person	531	313	515
Frequency of injuries to employees in workplace accidents	Number of injuries/million hours worked	0.02	0.02	0.01
Total recordable injury frequency rate (TRIFR)	Total lost worktime rate (TLWR)/million man hours	0.07	0.03	0.01
Total recordable injury frequency rate (TRIFR)—employees	Total lost worktime rate (TLWR)/million man hours	0.18	0.04	0.02

²⁰ It was restated in 2023 due to changes in statistical scope.

Indicator	Unit	2023	2024	2025
Total recordable injury frequency rate (TRIFR)—contractors	Total lost worktime rate (TLWR)/million man hours	0.03	0.03	0.01
Lost time injury frequency rate ²¹ (LTIFR)	Total work-related injury rate/million man hours	72	25	24.1
Lost time injury frequency rate (LTIFR)—employees	Total work-related injury rate/million man hours	222	1	1.4
Lost time injury frequency rate (LTIFR)—contractors	Total work-related injury rate/million man hours	0	38	35.7
Employees representing the Health and Safety Committee, as a percentage of all employees in all areas	%	100	100	100
Percentage of workplaces with OHS certification (ISO 45001/OHSAS 18001)	%	100	100	100
Deaths due to work-related injuries (employees)	Person	3	0	0
Deaths due to work-related injuries (contractors)	Person	0	1	1
Work-related injury insurance coverage rate	%	/	100	100
Investment in employee workplace safety liability insurance	10,000 RMB	710.99	231.68	327.63
Coverage rate of employee workplace safety liability insurance	%	100	100	100

Environmental Management

Indicator	Unit	2023			2024			2025		
		Steel ²²	Other	Total	Steel	Other	Total	Steel	Other	Total
Environmental expenditure capitalized as expenses	100 million RMB	99.91	8.76	108.67	93.97	6.79	100.76	92.58	7.17	99.75
Investment in capitalized environmental protection projects	100 million RMB	52.45	3.93	56.38	4.34	0.50	4.84	3.01	0.66	3.67
Number of environmental pollution incidents	/	0	0	0	0	1	1	0	2	2

²¹ In 2024, the indicators were clearly defined, and the data for 2023 and 2024 were revised.

²² Steel: Includes steel manufacturing and processing distribution.

● Solid waste

Indicator		Unit	2023			2024			2025		
			Steel Segment ²³	Others	Total	Steel Segment	Others	Total	Steel Segment	Others	Total
Total generation of solid waste (① + ②)		tons	32,960,293	38,976	32,999,269	33,625,380	65,358	33,690,738	32,427,545	68,538	32,496,083
(1) Generation of hazardous waste		tons	651,157	24,411	675,568	769,938	24,420	794,358	435,785	26,734	462,519
(3) Harmless disposal of hazardous waste		tons	651,536	24,412	675,948	769,828	24,423	794,251	434,984	26,695	461,679
Method	(4) Incineration (no power generation)	tons	21,529	/	21,529	38,703	1,125	39,828	52,721	965	53,685
	(5) Incineration (power generation)	tons	0	/	0	12,682	0	12,682	11,974	122	12,095
	(6) Landfill	tons	448	/	448	153	14	167	186	11	197
	(7) Comprehensive utilization	tons	629,559	/	629,559	718,289	23,284	741,573	370,104	25,596	395,700
(2) Generation and disposal of general waste ((8)+(9)+(10))		tons	32,309,136	14,566	32,323,702	32,855,442	40,938	32,896,380	31,991,760	41,804	32,033,564
Disposal method	(8) General waste returning to production	tons	9,535,261	/	9,535,261	9,846,773	345	9,847,118	9,477,872	425	9,478,297
	(9) Product volume from general waste	tons	22,745,738	6,967	22,752,705	22,972,020	35,176	23,007,196	22,421,215	30,405	22,451,621
	(10) Disposal of general waste by other methods	tons	28,137	7,599	35,736	36,649	5,417	42,066	92,673	10,974	103,647
General waste by other (② + ③)		tons	32,960,672	38,978	32,999,650	33,625,269	65,361	33,690,630	32,426,744	68,499	32,495,244
Total incineration of waste (④ + ⑤)		tons	448	0	448	51,385	1,125	52,510	64,694	1,086	65,781
Total landfill of waste (⑥)		tons	21,529	0	21,529	153	14	167	186.2	11	197
Other methods (② + ⑦)		tons	32,938,695	14,566	32,953,261	33,573,731	64,222	33,637,953	32,361,864	67,400	32,429,264
Total recycled solid waster (⑦ + ⑧ + ⑨)		tons	32,910,558	6,967	32,917,525	33,537,082	58,805	33,595,887	32,269,191	56,426	32,325,617

²³ The Scope of solid waste from the steel segment was adjusted from four bases and Huangshi Coated Plate to four bases, Huangshi Coated Plate and Lubao Steel Pipe from 2022.

Waste gas emissions and water discharge

Indicator	Unit	2023			2024			2025		
		Steel Segment	Others	Total	Steel Segment	Others	Total	Steel Segment	Others	Total
Total organized emissions of sulphur oxides (SO _x) ²⁴	tons	6,556	210	6,766	5,981	232	6,213	6,035	242	6,277
Total organized emissions of nitrogen oxides (NO _x)	tons	19,845	517	20,362	18,366	405	18,771	18,148	343	18,491
Total organized emissions of particulate matter (Dust)	tons	4,725	61	4,786	4,274	42	4,316	3,741	44	3,785

Indicator	Unit	2023			2024			2025		
		Steel Segment	Others	Total	Steel Segment	Others	Total	Steel Segment	Others	Total
Wastewater discharge	million m ³	32	2.54	34.54	29.5	2.48	31.98	27.6	2.83	30.43
Wastewater discharge of plants in water-scarce areas	million m ³	0	0	0	0	0	0	0	0	0
COD emissions	tons	561	103	664	491	110	601	406	124	530
Ammonia-Nitrogen emissions	tons	35	4	39	17	2	19	11	6	18

²⁴ Scope of waste gas emissions from the steel sector: From 2022 onwards, the scope was adjusted from four bases and Huangshi coated and galvanized to four bases, Huangshi coated and galvanized, and Yantai Lubao.

Energy consumption

Indicator	Unit	2023			2024			2025		
		Steel Segment	Others	Total	Steel Segment	Others	Total	Steel Segment	Others	Total
Total energy	MWh	242,124,756	25,404,763	267,529,519	239,550,735	27,878,952	267,429,687	237,021,763	27,472,714	264,494,477
Energy intensity	MWh/ton of crude steel	4.58	0.85	/	4.50	/	/	4.67	/	/
Energy intensity	MWh/ton of product	/	8.5	/	/	7.5	/	/	7.5	/

Renewable energy

Indicator	Unit	2023			2024			2025		
		Steel Segment	Others	Total	Steel Segment	Others	Total	Steel Segment	Others	Total
Self-generated renewable energy electricity	MWh	269,535	5,019	274,554	359,218	17,946	377,164	349,752	33,320	383,072
Purchased renewable electricity	MWh	1,027,620	3,033	1,030,653	1,916,874	0	1,916,874	1,741,602	0	1,741,602
Green certificate of renewable energy	MWh	/	/	/	2,566,000	94,300	2,660,300	13,070,000	461,582	13,531,582
Total	MWh	1,297,155	8,052	1,305,207	4,842,092	112,246	4,954,338	15,161,354	494,902	15,656,256

Circular economy

Indicator	Unit	2023	2024	2025
Recycling of scrap steel	10,000 tons	/	1,074	1,131
Among them: Recycling within the Company	10,000 tons	/	379	389
Scrap steel purchased from external sources	10,000 tons	714	695	742
Among them: Direct recycling of scrap steel from users	10,000 tons	35.1	60.0	80.6

Water

Indicator	Unit	2023			2024			2025		
		Steel Segment	Others	Total	Steel Segment	Others	Total	Steel Segment	Others	Total
Total water consumption ²⁵	Million m ³	132.76	/	/	126.44	9.23	135.67	129.90	7.97	137.87
surface water	Million m ³	116.14	/	/	115.38	9.23	124.61	119.84	7.97	127.81
desalination	Million m ³	6.47	/	/	5.41	0	5.41	6.90	0	6.90
recycled stormwater	Million m ³	10.16	/	/	5.64	0	5.64	3.15	0	3.15
Fresh water consumption intensity ²⁶	m ³ / ton of crude steel	2.50	/	/	2.36	/	/	2.54	/	/
Fresh water consumption intensity	m ³ / ton of crude steel	/	2.22	/	/	2.11	/		2.25	/

Greenhouse gas emissions

Total greenhouse gas emissions of Baosteel

Indicator	Unit	2023			2024			2025		
		Steel Segment	Others	Total	Steel Segment	Others	Total	Steel Segment	Others	Total
(Scope 1&2) GHG emissions (Category 1 & 2)	10,000 tons CO ₂ e	10,902	272	11,174	10,739	285	11,024	10,084	297	10,382
(Scope 1) Direct GHG emissions (Category 1)	10,000 tons CO ₂ e	10,617	112	10,729	10,681	112	10,794	9,888	117	10,006
(Scope 1) Direct GHG emissions (Category 1)	10,000 tons CO ₂ e	285	160	445	58	172	230	196	180	376
(Scope 3) Indirect GHG emissions (Category 3, 4&5)	10,000 tons CO ₂ e	2,753	/	2,753	3,161	/	3,161	2,983	/	2,983

²⁵ Annual total water consumption (steel segment): Four bases, Huangshi Coated Plate, and Yantai Lubao.

²⁶ Scope of fresh water consumption intensity: Four bases.

Greenhouse gas emissions from the four steel bases

Indicator	Unit	2023	2024	2025
(Scope 1&2) GHG emissions (Category 1 & 2)	10,000 tons CO ₂ e	10,781.1	10621.7	9,955.6
(Scope 1) Direct GHG emissions (Category 1)	10,000 tons CO ₂ e	10,568.5	10635.3	9,834.6
(Scope 2) Indirect GHG emissions (Category 2)	10,000 tons CO ₂ e	212.5	-13.6	121.0
GHG emission intensity (Category 1 + Category 2)	tCO ₂ e/ton of crude steel	2.040	1.996	1.960

Greenhouse gas emissions from the four steel bases

Indicator		Unit	2023	2024	2025
Category 1	Direct GHG emissions (Scope 1)	10,000 tons CO ₂ e	10,617	10,681	9,888
Category 2	Indirect GHG emissions (Scope 2)	10,000 tons CO ₂ e	285	58	196
Category 3	Indirect GHG emissions from transportation	10,000 tons CO ₂ e	448	482	492
3.1	Transportation of purchased goods and services	10,000 tons CO ₂ e	312	343	349
3.2	Transportation and distribution of fuel	10,000 tons CO ₂ e	15	15	9
3.3	Transportation of products	10,000 tons CO ₂ e	117	119	130
3.4	Employee commuting	10,000 tons CO ₂ e	3.98	3.43	2.90
3.5	Business travel	10,000 tons CO ₂ e	1.33	1.75	1.33
Category 4	Indirect GHG emissions from products used by organization	10,000 tons CO ₂ e	2,192	2,539	2,392
4.1	Emissions from purchased goods and services (manufacturing-related)	10,000 tons CO ₂ e	1,876	2,261	2,181
4.2	Capital goods	10,000 tons CO ₂ e	313	274	206
4.3	Waste disposal	10,000 tons CO ₂ e	3	4	4
Category 5	Indirect GHG emissions associated with the use of products from the organization	10,000 tons CO ₂ e	112	141	99
5.1	Invested companies	10,000 tons CO ₂ e	112	141	99
Sub-total for GHG emissions for categories 3, 4 and 5 (Scope 3)		10,000 tons CO ₂ e	2,753	3,161	2,983
Total GHG emissions (Scope 1, 2&3)		10,000 tons CO ₂ e	13,654	13,901	13,067

● Products and Customer Service

Indicator	Unit	2023	2024	2025
Research and development expenditure	100 million RMB	195.7	250.44	199.60
R&D investment ratio	%	5.68	7.77	6.29
Number of R&D personnel	Person	8,809	9,995	8,683
Proportion of R&D personnel	%	20.43	21.71	18.82
Patent applications ²⁷	/	1,359	1,756	1,797
Patent grants	/	642	682	848
Valid patents	/	/	9,707	9,781
Number of invention patents applied to main business	/	/	7,292	7,376
New product sales rate	%	13	13.98	12.03
Unique new trial product ratio	%	37	37.45	42.34
Economic benefits of scientific research projects	100 million RMB	32.8	29.02	34.06
Sales of BETTER products	10,000 tons	946	1,200.36	1,268.63
Sales of BEST products	10,000 tons	421	447.03	508.02
Sales of BETTER+BEST green products	10,000 tons	1,368	1647.39	1,776.65
Customer Satisfaction	%	92.94	92.89	93.15
Customer Satisfaction coverage	%	80	80	80
Customer complaint	/	/	2,414	2,162
Customer complaint completion rate	%	/	98.7	98.7
The amounts involved for impacts and damages caused by major liability incidents related to product and service safety and quality	10,000 RMB	/	9,868	8,794

²⁷ Since 2024, the counts of patent applications, granted patents, valid patents, and invention patents applied to main business include those from Baosight Software and Baowu Carbon.

● Supplier Management

Indicator	Unit	2023	2024	2025
Summary of suppliers of raw materials and spare parts				
Number of suppliers	/	2,722	4,391	4,220
Proportion of suppliers in China	%	99	99	98
Proportion of overseas suppliers	%	1	1	2
Percentage of suppliers covered by the corruption due diligence process	%	/	100	100
Percentage of suppliers covered by the information security due diligence process	%	/	100	100
Percentage of audited/assessed suppliers participating in improvement actions or capability development	%	/	100	100
Proportion of suppliers with CSR assessment (e.g. questionnaire)	%	92.9	52.5	70.8
Proportion suppliers that have undergone a CSR on-site audit	%	7.1	2.6	3.1
Number of tier 1 suppliers	/	/	433	458
Number of critical suppliers (tier 1 and non-tier 1)	/	/	2,801	2,858
Critical tier 1 suppliers	/	184	416	322
Critical non-tier 1 suppliers	/	1,627	2,385	2,536
Proportion of suppliers that have signed the Sustainable Sourcing Charter/ Supplier Code of Conduct	%	100	100	100
Suppliers of spare parts				
Proportion of green procurement of spare parts	%	25.55	27.75	26.27
Amount of local spare parts purchased	100 million RMB	233	165	267
Proportion of local spare parts purchased	%	57	67	59
Amount of spare parts purchased from SMEs	100 million RMB	119	125	310
Proportion of spare parts procured from SMEs	%	29	51	68

● Employment and Diversity

Indicator	Unit	2023	2024	2025
Total number of employees	Person	43,126	46,048	46,135
Employees under 30	%	14	14.55	15.29
Employees aged 30-39	%	30	26.64	24.84
Employees aged 40-49	%	34	34.43	33.99
Employees aged 50 and over	%	22	24.38	25.88
Male employees	%	88	88.18	88.21
Female employees	%	12	11.82	11.79
Chinese employees	%	98.51	98.46	98.53
International employees	%	1.49	1.54	1.47
Asian employees	%	99	98.9	99.02
Other ethnicities	%	1	1.1	0.98
Minority ethnic groups (ethnic minorities)	%	2.55	2.54	2.71
Disadvantaged groups	%	0.28	0.58	0.51
Proportion of managers from minority ethnic groups/ disadvantaged	%	3.1	3.01	3.05
Newly hired employees	Person	1,465	1,790	1,594
Newly hired male employees	%	1,274	1,571	1,425
Newly hired female employees	%	191	219	169
Proportion of managers who are female	%	8.4	8.36	8.37
Proportion of junior managers who are female	%	7.6	7.49	7.52
Proportion of senior managers who are female	%	8.8	8.89	10.82
Proportion of revenue generators who are female	%	11	11.76	13.66
Proportion of STEM researchers who are female	%	18.7	19.22	19.76
Employee training coverage rate	%	/	100	100
Average number of employee training hours	hour	129	127	131
Proportion of employees trained in business ethics as a percentage of total employees	%	100	100	100

Indicator	Unit	2023	2024	2025
Proportion of employees trained in vocational and technical skills	%	100	99.99	100
Proportion of employees trained in anti-discrimination, anti- human rights violations	%	100	100	100
Proportion of in-service employees to Labor Union members	%	/	100	100
Proportion of environment-related employee trained	%	100	100	100
Average gender pay gap ²⁸	RMB/Year	/	22,210	19,474
Median gender pay gap ²⁹	RMB/Year	/	17,745	15,543
Average gender bonus gap ³⁰	RMB/Year	/	10,074	10,118
Median gender bonus gap ³¹	RMB/Year	/	6,843	4,138
Proportion of operating sites that have received human rights impact or risk assessments	%	/	100	100
Number of voluntary separations	Person	/	684	575
Active turnover rate	%	1.98	1.49	1.25
Social insurance coverage rate	%	100	100	100
Proportion of people covered by collective agreements	%	100	100	100
Number of incidents of child labor, forced labor and human trafficking	/	0	0	0
Number of incidents related to diversity, discrimination and harassment	/	0	0	0

²⁸ Average gender pay gap: The difference between the average salary of male full-time employees and that of female full-time employees.

²⁹ Median gender pay gap: The difference between the median salary of male full-time employees and that of female full-time employees.

³⁰ Average gender bonus gap: The difference between the average bonus of male full-time employees and that of female full-time employees.

³¹ Median gender bonus gap: The difference between the median bonus of male full-time employees and that of female full-time employees.

Charitable Donations

Indicator	Unit	2023	2024	2025
Total amount of donations	10,000 RMB	8,385	8,121.33	8,145.59
Cash donation	10,000 RMB	/	8,104.09	8,145.59
In-kind donations	10,000 RMB	/	17.24	0.00
Donations for rural rejuvenation	10,000 RMB	/	7,320	7,320
Charitable donations	10,000 RMB	/	801.33	825.59
Number of beneficiaries from rural rejuvenation endeavors	Person	/	171,900	180,000
The number of participants in volunteering activities	person-time	/	2,528	2,500
Volunteering hours	hours		11,000	15,000
Average volunteering hours per capita	hours	/	4.35	6.00

Appendix 2: GRI Sustainability Reporting Standards Content Index

Disclosure Item	Description of the Matter	Corresponding Chapter	Page
General Standards			
GRI 1: Foundation 2021			
GRI 2: Disclosure 2021			
2-1	Details of the organizational structure	Enter Baosteel - Company Profile	P6
2-2	Entities included in the organizational sustainability report	About this Report	P2
2-3	Reporting Period, Reporting Frequency and Contact Person	About this Report	P2-3
2-4	Restatement of Information	About this Report	P2
2-5	External Assurance	Appendix 6 Verification Statement	P193
Activities and Workers			
2-6	activities, value chains and other business relationships	Enter Baosteel - Company Profile Social Chapter - Win-Win Collaboration Across the Industrial Chain	P6, P131
2-7	Employees	Social Section - Employee Engagement	P147
Governance			
2-9	Governance Structure and Composition	Governance - Corporate Governance	P22
2-10	Nomination and Selection by the Highest Governance Body	Governance - Corporate Governance	P22
2-12	Regarding the management impact, the oversight role of the highest governance body	Governance - Corporate Governance	P22
2-14	The Role of the Highest Regulatory Authority in Sustainability Reporting	Governance - Corporate Governance	P22
2-15	Conflict of Interest	Governance - Corporate Governance	P28
2-16	Communication of Key Audit Matters	ESG Management	P12
2-17	Common knowledge of the highest governance body	Governance - Corporate Governance	P22
2-18	Performance evaluation of the highest governance structure	Governance - Corporate Governance	P24
2-19	Remuneration Policy	Governance - Corporate Governance	P24
2-20	The procedures for determining remuneration	Governance - Corporate Governance	P24
Strategy, policies and practices			
2-22	Strategic Statement on Sustainable Development	ESG Management	P12
2-23	Policy Commitment	Social Section - Employee Rights	
2-27	Compliance with laws and regulations	Governance - Corporate Governance	P22
2-28	Membership of the Association	Social Chapter - Win-Win Collaboration Across the Industrial Chain	P131

Disclosure Item	Description of the Matter	Corresponding Chapter	Page
Stakeholder Engagement			
2-29	Methodology for Stakeholder Engagement	ESG Management	P12
2-30	Collective Bargaining Agreement	Social Section - Employee Rights	P150
GRI 3: Material Topics 2021			
3-1	The process of determining the key audit matters	ESG Management	P16
3-2	List of Key Audit Matters	ESG Management	P17
3-3	Management of Key Audit Matters	ESG Management	P16
Criteria for Key Audit Matters			
GRI 201 Economic Performance 2016			
201-1	Directly generated and distributed economic value	For further details, please refer to the Annual Report.	
201-2	Financial impacts arising from climate change and other risks and opportunities	Environmental Section - Addressing Climate Change - Strategy	P49-57
201-3	Defined benefit plans and other retirement plans	Social Section - Employee Rights	P152
201-4	Fiscal subsidies granted by the Government	For further details, please refer to the Annual Report.	
GRI 204: Procurement Practices 2016			
204-1 Proportion of expenditure procured from local suppliers	Social Chapter - Win-Win Collaboration Across the Industrial Chain	P131	P131
GRI 205 Anti-corruption 2016			
205-1	Operating points where a corruption risk assessment has been conducted	Governance - Business Ethics	P30
205-2	Communication and training on anti-corruption policies and procedures	Governance - Business Ethics	P30
205-3	Confirmed incidents of corruption and actions taken	Governance - Business Ethics	P30
GRI 207: Taxation 2019			
207-1 Tax Strategy	Governance Section - Tax Strategy	P25	P25
207-2 Tax Governance, Controls and Risk Management	Governance - Tax Strategy	P27	P27
207-3 Stakeholder Engagement and Management Related to Tax Concerns	Governance - Tax Strategy	P26	P26
207-4 Country-by-Country Report	Governance - Tax Strategy	Page 27	P27
GRI 301: Materials 2016			
301-1 Weight or volume of materials used	Environmental Section - Resource Conservation	P95	P95
301-2 Feedstock used for recycling	Environmental Section - Resource Conservation	P95	P95

Disclosure Item	Description of the Matter	Corresponding Chapter	Page
301-3 Recycled Products and Their Packaging Materials	Environmental Section - Resource Conservation	P95	P95
GRI 302 Energy 2016			
302-1	Energy consumption within the organizational structure	Appendix 1 - Key Data Indicators	P177
302-2	Energy consumption outside the organization	Environmental Section - Addressing Climate Change - Strategy	P65
302-3	Energy intensity	Environmental Section - Addressing Climate Change - Strategy	P64
302-4	Reduction in energy consumption	Environmental Section - Addressing Climate Change - Strategy	P62-64
302-5	Reduce the energy demand for products and services	Environmental Section - Addressing Climate Change - Strategy	P67-68
GRI-303 Water and Wastewater 2018			
303-1	The interplay between organizations and water as a shared resource	Environmental Section - Resource Conservation	P92-94
303-2	Impacts related to management and drainage	Environmental Section - Compliance with Emission Standards	P84
303-3	Water abstraction	Environmental Section - Resource Conservation	P95
303-4	Drainage	Environmental Section - Compliance with Emission Standards	P85
303-5	Water consumption	Environmental Section - Resource Conservation	P95
GRI 304: Biodiversity 2016			
304-2 Significant impacts on biodiversity from activities, products and services	Environmental Section - Ecosystems and Biodiversity Conservation	Pages 97-100	P97-100
304-3 Protected or Restored Habitats	Environmental Section - Ecosystems and Biodiversity Conservation	P101-104	P101-104
GRI 305: Emission 2016			
305-1	Direct (Scope 1) greenhouse gas emissions	Environmental Section - Addressing Climate Change - Metrics and Targets	P75
305-2	Indirect (Scope 2) greenhouse gas emissions	Environmental Section - Addressing Climate Change - Metrics and Targets	P75
305-3	Other indirect (Scope 3) greenhouse gas emissions	Environmental Section - Addressing Climate Change - Metrics and Targets	P75
305-4	Greenhouse gas emission intensity	Environmental Section - Addressing Climate Change - Metrics and Targets	P74
305-5	Greenhouse gas emission reductions	Environmental Section - Addressing Climate Change - Measurement Strategy	P59
305-7	Nitrogen oxides (NOX), Sulphur oxides (SOX) and others Significant Gas Emissions	Environmental Section - Compliance with Emission Standards	P82

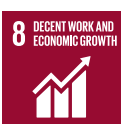
Disclosure Item	Description of the Matter	Corresponding Chapter	Page
GRI 306 Waste 2020			
306-1	Generation of waste and significant impacts related to waste	Environmental Section - Compliance with Emission Standards	P88
306-2	Management of significant impacts related to waste	Environmental Section - Compliance with Emission Standards	P88-89
306-3	Waste generated	Environmental Section - Compliant Discharge	P90
306-4	Waste transferred from disposal	Environmental Section - Compliance with Emission Standards	P90
306-5	Waste entering disposal	Environmental Section - Compliance with Emission Standards	P90
GRI 308 Supplier Environmental Assessment 2016			
308-1	New suppliers selected using the environmental assessment dimension	Social Chapter - Win-Win Collaboration Across the Industrial Chain	P132, P135
308-2	Negative environmental impacts of the supply chain and actions taken	Social Chapter - Win-Win Collaboration Across the Industrial Chain	P136-140
GRI 401: Employment 2016			
401-1	New hire rate and employee turnover rate	Social Section - Employee Engagement	P147-148
401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	Social Section - Employee Rights	P152-154
401-3	Parental Leave	Social Section - Employee Rights	P152
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational Health and Safety Management System	Social Section - Health and Safety	P158
403-2	Hazard identification, risk assessment and accident investigation	Social Section - Health and Safety	P159-161
403-3	Occupational Health Services	Social Section - Health and Safety	P160, P162
403-4	Occupational Health and Safety Affairs: Worker Participation, Consultation and Communication	Social Aspect - Health and Safety	P162
403-5	Occupational Health and Safety Training for Workers	Social Aspect - Health and Safety	P162
403-6	Promoting worker health	Social Section - Health and Safety	P158-160
403-7	Prevention and mitigation of occupational health and safety impacts directly related to business relationships	Social Section - Health and Safety	P158-160
403-8	Workers to whom the occupational health and safety management system applies	Social Aspect - Health and Safety	P158-160
403-9	Work-related injury	Social Section - Health and Safety	P159-160
403-10	Work-related health issues	Social Section - Health and Safety	P159-160
GRI 404: Training and Education 2016			
404-1	The average number of hours of training received by each employee per annum	Social Aspect - Employee Development	P156
404-2	Employee Skills Enhancement Program and Transition Support Scheme	Social Section - Employee Development	P155-156

Disclosure Item	Description of the Matter	Corresponding Chapter	Page
404-3	The percentage of employees who undergo regular performance and career development assessments	Social Aspect - Employee Development	P157
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of the Governance Body and Employees	Social Section - Employee Engagement	P147-148
405-2	The ratio of basic pay and remuneration between male and female employees	Appendix 1 - Key Data Indicators	P183
GRI 406: Discrimination 2016			
406-1	Discriminatory incidents and corrective actions taken	Social Chapter - Industrial Chain Supply and Employee Rights	P137, P151
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operating points and suppliers where the right to freedom of association and collective bargaining may be at risk	Social Chapter - Supply Chain and Employee Rights	P137、P151
GRI 408: Child Labor 2016			
408-1	Operating points and suppliers with significant risk of child labor incidents	Social Chapter - Supply Chain and Employee Rights	P137、P151
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operating points and suppliers with significant risk of forced or compulsory labor incidents	Social Chapter - Supply Chain and Employee Rights	P137、P151
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessment and development plans Sales outlet	Social Section - Social Public Welfare	P165-168
413-2	Operations with actual or potential significant adverse impacts on the local community Sales outlet	Social Section - Social Public Welfare	P165-168
GRI 414 Social Assessment of Suppliers 2016			
414-1	New suppliers selected using social evaluation dimensions	Social Chapter - Win-Win Collaboration Across the Industrial Chain	P135-138
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	Social Section - Quality Assurance	P113-114
416-2	Non-compliance incidents involving health and safety impacts of products and services	Social Chapter - Quality Assurance	P113-114
GRI 417: Marketing and Labelling 2016			
417-1	Requirements for product and service information and labelling	Social Section - Customer Service	P130
417-2	Non-compliance incidents involving product and service information and labelling	Social Section - Customer Service	P130
417-3	Non-compliance incidents involving marketing communications	Social Section - Customer Service	P130
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints regarding the infringement of customer privacy and the loss of customer data	Governance Section - Information Security	P39-41

Appendix 3: Index of Contents of the Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 14 — Sustainability Reporting (Trial)

Disclosure Requirements	The corresponding section of this Report	Page Number
Addressing Climate Change	Environmental Section - Addressing Climate Change	P46-75
Emission of pollutants	Environmental Section - Ecological Environmental Protection - Compliant Emissions	P82-87
Waste disposal	Environmental Section - Ecological Environmental Protection - Compliant Emissions	P88-90
Protection of ecosystems and biodiversity	Environmental Section - Ecological Environmental Protection - Conservation of Ecosystems and Biodiversity	P96-107
Environmental Compliance Management	Environmental Section - Ecological Environmental Protection - Environmental Compliance Management	P76-81
Energy Utilization	Environmental Section - Addressing Climate Change - Strategy	P49-70
Utilization of water resources	Environmental Section - Ecological Environmental Protection - Resource Conservation	P91-95
Circular Economy	Environmental Section - Addressing Climate Change - Strategy	P67-68、 P95
Environmental Section - Ecological Environmental Protection - Resource Conservation	P67-68, P95	P165-166
Rural Revitalization	Social Chapter - Harmonious Development - Social Welfare	P165-166
Social Contribution	Social Chapter - Harmonious Development - Social Welfare	P166-168
Innovation-driven	Social Chapter - National Strategic Assets - Innovation-Driven	P117-128
Ethics of Technology	No business operations related to scientific and technological ethics were conducted during the Reporting Period.	/
Supply Chain Security	Social Chapter - National Strategic Assets - Win-Win Industrial Chain	P131-145
Equal treatment of small and medium-sized enterprises	No overdue payments to small and medium-sized enterprises were incurred during the Reporting Period.	/
Safety and Quality of Products and Services	Social Section - National Strategic Assets - Quality Assurance	P111-116
Data Security and Protection of Customer Privacy	Governance - Information Security	P39-43
Employees	Social Section - Harmonious Development	P146-164
Due diligence	Due diligence-related matters are not listed separately as they are addressed across all topics.	/
Communication with Stakeholders	ESG Management	P13-15
Anti-bribery and Anti-corruption	Governance - Business Ethics	P28-33
Unfair Competition	Governance - Business Ethics	P28-29

Appendix 4: Index of Content for Sustainable Development Goals (SDGs)

Sustainable Development Goals (SDGs)	Introduction to the Initiative	The corresponding section of this Report	Page
	To end poverty in all its forms everywhere	Social Section - Social Public Welfare	P163-167
	Ensure healthy lives and promote well-being for all at all ages	Social Section - Employee Rights	P165-168
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Social Section - Social Public Welfare	P168
	Achieve gender equality and empower all women and girls	Social Section - Employee Engagement Social Section - Employee Rights	P147-149 P150-154
	Social Section - Employee Rights	P147-149	P77-81 P82-90 P91-95
	Pages 150-154	Environmental Section - Addressing Climate Change - Strategy	P49-70
	Promote sustained, inclusive and sustainable economic growth, full productive employment and decent work for all	Social Section - Employee Engagement Social Section - Employee Rights Social Chapter - Win-Win Collaboration Across the Industrial Chain	P147-149 P150-154 P131-145
	Building resilient infrastructure to promote inclusive and sustainable industrialization and foster innovation	Social Section - Innovation-Driven	P117-128

Appendix 5: SASB Sustainability Accounting Standards Board Content Index

Sustainable Development Goals (SDGs)	Introduction to the Initiative	The corresponding section of this Report	Page
		P117-128	P147-149 P150-154
	Build inclusive, safe, resilient and sustainable cities and human settlements	Social Section - Social Public Welfare	P165-168
	Ensure the adoption of sustainable consumption and production patterns	Environmental Section - Addressing Climate Change - Strategy Social Section - Customer Service Social Chapter - Win-Win Collaboration Across the Industrial Chain	P49-70 P129-130 P131-145
	Taking urgent measures to respond to climate change and its impacts	Environmental Section - Addressing Climate Change	P46-75
	Protection and sustainable use of marine and ocean resources to promote sustainable development	Environmental Section - Ecosystems and Biodiversity Conservation	P96-107
	Protect, restore and promote the sustainable use of terrestrial ecosystems; sustainably manage forests; combat desertification; halt and reverse land degradation; and stop the loss of biodiversity.	Environmental Section - Ecosystems and Biodiversity Conservation	P96-107
	To promote sustainable development by fostering a peaceful and inclusive society, ensuring access to justice for all, and establishing effective, accountable and inclusive institutions at all levels.	Governance - Corporate Governance	P22-24
	Strengthen enforcement mechanisms and revitalize the Global Partnership for Sustainable Development.	Social Chapter - Win-Win Collaboration Across the Industrial Chain	P131-145

Disclosure Matters / Disclosure Items	Disclosure Item Title	The corresponding section of this Report	Page Number
Greenhouse gas emissions			
EM-IS-110a.1	The total global emissions as a percentage under emission restriction regulations, and the proportion of emissions subject to emission restrictive regulations.	Environmental Section - Addressing Climate Change	P74-75
EM-IS-110a.2	Long-term and short-term strategies or plans for Scope 1 emissions, emission reduction targets, and performance analysis against these targets; discussion on how climate-related transition risks and opportunities impact capital strategy and investment.	Environmental Section - Addressing Climate Change	P49-70
Air pollution			
EM-IS-120a.1	Emissions of the following air pollutants are included: (1) carbon monoxide, (2) nitrogen oxides (excluding N2O), (3) SOX, (4) particulate matter (PM10), (5) manganese (MnO), (6) lead (Pb), (7) volatile organic compounds (VOCs), and (8) polycyclic aromatic hydrocarbons (PAHs).	Environmental Section - Compliance with Emission Standards	P82-87
Energy Management			
EM-IS-130a.1	(1) Total energy consumed, (2) Percentage of grid electricity, (3) Percentage of renewable energy	Environmental Section - Addressing Climate Change	P62-66
EM-IS-130a.2	(1) Total fuel consumed, (2) Percentage of coal, (3) Percentage of natural gas, (4) Percentage of renewable energy	Environmental Section - Addressing Climate Change	P62-66
Water Resource Management			
EM-IS-140a.1	(1) Total volume of freshwater reused, (2) Percentage of water reused, (3) Percentage in areas with high or extremely high baseline water stress	Environmental Section - Resource Conservation	P91-95
Waste Management			
EM-IS-150a.1	Volume of waste generated, percentage of hazardous waste, percentage of recyclable waste	Environmental Section - Compliant Discharge	P88-90
Occupational Health and Safety			
EM-IS-320a.1	(1) the Total Recordable Incident Rate (TRIR) for full-time employees and (b) contract employees, (2) the mortality rate, and (3) the Near Miss Frequency Rate (NMFR)	Social Aspect - Health and Safety	P159-160
Supply Chain Management			
EM-IS-430a.1	Management procedures for mitigating procurement risks of iron ore and/or coking coal arising from environmental and social issues	Social Chapter - Win-Win Collaboration Across the Industrial Chain	P135-145

Appendix 6: Independent Assurance Statement



ASSURANCE STATEMENT
CN25/00002342

SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE BAOSHAN IRON & STEEL CO., LTD.'S SUSTAINABILITY REPORT FOR 2024

NATURE OF THE ASSURANCE/VERIFICATION
SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereinafter referred to as SGS) was commissioned by Baoshan Iron & Steel Co., Ltd. (hereinafter referred to as BAOSTEEL) to conduct an independent assurance of the Chinese version of 2024 *Sustainability Report* (hereinafter referred to as the Report).

INTENDED USERS OF THIS ASSURANCE STATEMENT
This Assurance Statement is provided with the intention of informing all BAOSTEEL's Stakeholders.

RESPONSIBILITIES
The information in the Report and its presentation are the responsibility of the governing body and the management of BAOSTEEL. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance with the intention to inform all BAOSTEEL's stakeholders.

SGS hereby states that it shall not be held responsible or liable for any direct, indirect, incidental, or consequential damages or losses arising from or in connection with the use of information provided in this report.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE
The SGS ESG & Sustainability Report Assurance (SRA) protocols used to conduct assurance are based upon internationally recognised assurance standards including the AA1000 series of standards and ISAE3000.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
AA1000AS v3 Type 2	Moderate

SCOPE OF ASSURANCE AND REPORTING CRITERIA
The assurance engagement was conducted to evaluate the accuracy and reliability of the sustainability performance information included in the Report, especially the verification of the "Key Data Indicators" in the Report, including but not limited to:

- KPIs for Supplier Screening
- KPIs for Supplier Assessment and/or Development
- Energy Consumption
- Waste Disposal
- NO_x Emissions
- SO_x Emissions
- PM Emissions
- Water Consumption
- Water Consumption in Water-Stressed Areas
- Gender pay gap (GPG)

- Direct Greenhouse Gas Emissions (Scope 1)
- Indirect Greenhouse Gas Emissions (Scope 2)
- Indirect Greenhouse Gas Emissions (Scope 3)
- Fatalities due to Work Injury
- Lost-Time Injury Frequency Rate (LTIFR) – Employees
- Lost-Time Injury Frequency Rate (LTIFR) – Contractors
- Total Recordable Injury Frequency Rate (TRIFR) – Employees
- Total Recordable Injury Frequency Rate (TRIFR) – Contractors

Additionally, it assessed the extent to which the Report's content refers to the requirements of *GRI Standards 2021*.



ASSURANCE METHODOLOGY
The assurance comprised a combination of pre-assurance research, interviews with relevant employees (located at No.885, Fujin Road, Baoshan District, Shanghai, P.R. China, on-site); documentation and record review and validation where relevant.

LIMITATIONS AND MITIGATION
Data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

The greenhouse gas emission related data in the Report has been directly adopted from the independent third party verification data and has not been double verified in this audit.

This assurance engagement was restricted to the headquarter level of BAOSTEEL and did not include traceability of original data from all subordinate institutions.

STATEMENT OF INDEPENDENCE AND COMPETENCE
The SGS Group of companies is the world leader in inspection, testing and certification, operating in multiple countries and providing services. SGS affirm our independence from BAOSTEEL, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION
On the basis of the methodology described and the assurance engagement performed, the specified performance information included in the scope of assurance is accurate, reliable, and has been fairly stated.

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS BASED ON GRI STANDARDS 2021

The assurance team concludes that BAOSTEEL's 2024 *Sustainability Report* has referred to the requirements of *GRI Standards 2021*, and effectively reflected GRI's eight reporting principles: accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability.

FINDINGS AND RECOMMENDATIONS
All observations pertaining to commendable practices, sustainable development activities, and managerial recommendations identified throughout the assurance process have been thoroughly documented in the *Internal Management Report on Sustainability Reporting Assurance*. This report has been officially presented to the relevant management divisions of BAOSTEEL to serve as a reference for their ongoing efforts towards continuous improvement.

Signed:



For and on behalf of SGS-CSTC

David Xin
Sr. Director – Business Assurance
16/F Century Yuhui Mansion, No. 73, Fucheng Road, Beijing, P.R. China

Apr. 14th, 2025
WWW.SGS.COM



Appendix 7 Greenhouse Gas Verification Statement

Statement of Conformity CN26/00001815

SGS

Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in 01 Jan. 2025 to 31 Dec. 2025 of

Baoshan Iron & Steel Co., Ltd.

Business address: No. 885, Fujin Road, Baoshan District, Shanghai City, P.R. China
Organization boundary: Detail organization boundary information has been listed in Annex, for multi-site statement

has been verified in accordance with ISO 14064-3:2019 as meeting the requirements of

ISO 14064-1:2018

Direct Emissions [Category 1]
98,884,701.43 tonnes of CO₂e
Indirect Emissions from Imported Energy [Category 2]
1,959,865.01 tonnes of CO₂e
Indirect Emissions from Transportation [Category 3]
4,921,526.95 tonnes of CO₂e
Indirect Emissions from Products Used by An Organization [Category 4]
23,916,354.47 tonnes of CO₂e
Indirect Emissions Associated with The Use of Products from The Organization [Category 5]
989,487.41 tonnes of CO₂e
Indirect Emissions from Other Sources [Category 6]
[be determined as non-significant indirect emissions and not quantified]
Total Emissions Quantified
130,671,935.27 tonnes of CO₂e

Authorised by
David Xin
Sr. Director - Business Assurance
DATE: 10 Mar. 2026

SGS-CSTC Standards Technical Services Co., Ltd.
16F Century Yuhui Mansion, No. 73 Fucheng Road, Beijing, P.R. CHINA 100142
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SGS

VERIFICATION

ISO 14064-1:2018

This document is an authentic electronic certificate for Client business purposes use only. Printed version of the electronic certificate are permitted and will be considered as a copy.
This document is issued by the Company subject to SGS General Conditions of certification services available on Terms and Conditions | SGS. Attention is drawn to the limitation of liability, indemnification and jurisdictional clauses contained therein. This document is copyright protected and any unauthorized alteration, forgery or falsification of the content or appearance of this document is unlawful.
Several statements have been issued for this scope, this is main statement

Page 1 of 4

196

SGS

SGS has been contracted by Baoshan Iron & Steel Co., Ltd. (hereinafter referred to as "CLIENT"), for the verification of direct and indirect Greenhouse Gas emissions in accordance with

ISO 14064-3:2019

as provided by Baoshan Iron & Steel Co., Ltd. (hereinafter referred to as "RESPONSIBLE PARTY"), in the Greenhouse Gas (GHG) Assertion in the form of GHG Report covering GHG emissions of the period 01 Jan. 2025 to 31 Dec. 2025 (hereinafter referred to as "REPORT PERIOD").

Roles and responsibilities

The management of the RESPONSIBLE PARTY is responsible for the organization's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information and the reported GHG emissions.
It is SGS's responsibility to express an independent GHG verification opinion on the GHG statement as provided by the RESPONSIBLE PARTY for the REPORT PERIOD.

According to ISO 14064-3:2019, SGS has conducted a third-party verification of the provided GHG statement by RESPONSIBLE PARTY against the requirements of ISO 14064-1:2018 in the period 14 Jan. 2026-11 Feb. 2026. The verification is based on the verification scope, objectives and criteria as agreed between the CLIENT and SGS on 10 Mar. 2026.

Level of Assurance

The level of assurance agreed is that of Reasonable assurance.

Scope

The CLIENT has commissioned an independent verification by SGS in according to ISO 14064-3:2019 to assure the reported GHG emissions of RESPONSIBLE PARTY, in conformance with ISO 14064-1:2018 requirements within the scope of the verification as outlined below. The data and information supporting the GHG statement is historical in nature.

This engagement covers verification of emission from anthropogenic sources of greenhouse gases included within the organization's boundary:

- The organizational boundary is established following Operational control approach
- Location/boundary of the activities: detail boundary information has been listed in Annex
- Physical infrastructure, activities, technologies and processes: Production and related management activity of steel
- GHG sources, sinks and/or reservoirs included: GHG sources as presented in the GHG inventory and report of the RESPONSIBLE PARTY
- Types of GHGs included: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃
- GHG information for the following period was verified: 01 Jan. 2025 to 31 Dec. 2025
- GWP adopted: IPCC 6 Assessment Report.
- Intended user of the verification statement: Stakeholders

Objective

The purposes of this verification exercise are, by review of objective evidence, to independently review:

Page 2 of 4

197



- Whether the GHG emissions are as declared by the organization's GHG statement
- The data reported are accurate, complete, consistent, transparent and free of material error or omission.

Criteria

Criteria against which the verification assessment is undertaken are the requirements of ISO 14064-3:2019.

Materiality

The materiality required of the verification is considered by SGS to 5%, based on the needs of the intended user of the GHG statement.

Verification approach

SGS's approach is risk-based, drawing on an understanding of the risks associated with reporting GHG emissions information and the controls in place to mitigate these. Our examination includes assessment of evidence relevant to the amounts and disclosures in relation to the organization's reported GHG emissions

We plan and perform our work to obtain the information, explanations and evidence that we considered necessary to provide a reasonable level of assurance that the GHG emissions for the REPORT PERIOD are fairly stated.

We conduct our verification with regard to the GHG statement of GHG Report of the RESPONSIBLE PARTY which includes assessment of GHG information system and reporting plan/protocol. This assessment includes the collection of evidence supporting the reported data, and checking whether the provisions of the protocol reference, are consistently and appropriately applied.

Verification opinion conclusion

The RESPONSIBLE PARTY provided the GHG statement based on the requirements of ISO 14064-1:2018 that total emission 130,671,935.27 tonnes of CO₂e in the organization boundary for the REPORT PERIOD.

The verification opinion as below is issued by SGS after an independent verification for RESPONSIBLE PARTY's GHG statement base on agreed Reasonable assurance:

☒ Unmodified

The GHG statement submitted by RESPONSIBLE PARTY is prepared in accordance with ISO 14064-1:2018 on GHG quantification and reporting, is a fair representation materially, the GHG data and information in statement are explicit and supported by adequacy and appropriate evidence.

☐ Modified

The GHG statement submitted by RESPONSIBLE PARTY has no material misstatement, however has some deficiencies which will prevent the issuance of unmodified verification opinion.

☐ Adverse opinion

The GHG statement submitted by RESPONSIBLE PARTY:

- has no material misstatement or
- there is insufficient or inappropriate evidence to support an unmodified or modified opinion.



☐ Disclaiming the issuance of an opinion

It is unable to obtain sufficient and appropriate objective evidence to form an opinion as to whether the GHG statement submitted is presented fairly in accordance with ISO 14064-1:2018

This statement shall be interpreted with the GHG statement of GHG Report of the RESPONSIBLE PARTY as a whole.

Note: This Statement is issued by SGS-CSTC Standards Technical Services Co., Ltd. ("SGS") under its General Conditions for Greenhouse Gas Validation & Verification Services. The findings recorded herein are based upon a verification performed by SGS. A full copy of this statement, the findings and the supporting GHG Assertion may be consulted from RESPONSIBLE PARTY. This Statement does not relieve Client from compliance with any by laws, federal, national or regional acts and regulations or with any guidelines issued pursuant to such regulations. Stipulations to the contrary are not binding on SGS and SGS shall have no responsibility vis-à-vis parties other than its Client. The verification statement of greenhouse gases is concluded in English. Any translation differences, the English version shall prevail.

Annex

Multi-site Organizational Boundaries List

	Organization Name	Description of organizational boundaries
Site 1	Baoshan Iron & Steel Co., Ltd. (Baoshan Base)	No. 885, Fujin Road, Baoshan District, Shanghai City, P.R. China, Baoshan Base
Site 2	Wuhan Iron and Steel Co., Ltd. (Qingshan Base)	No. 1 Gate of Factory Square, Qingshan District, Wuhan city, Hubei Province P.R. China, Qingshan Base
Site 3	Baosteel Zhanjiang Steel Co., Ltd. (Dongshan Base)	No. 18 Daodong Avenue, Dongjian Street, Economic and Technological Development Zone, Zhanjiang City, Guangdong Province, P.R. China, Dongshan Base
Site 4	Shanghai Meishan Iron & Steel Co., Ltd. (Meishan Base)	Xinjian, Zhong Hua Men Wai, Yuhuatai District, Nanjing City, Jiangsu Province, P.R. China, Meishan Base
Site 5	Shanghai Baosteel International Economic & Trading Co., Ltd.	Room 1816, No. 151, Mohe Road, baoshan District, shanghai, P.R. China
Site 6	Baosteel Special Metals Long Product Co., Ltd.	No. 1269, Shuichan Road, Baoshan District, Shanghai, P.R. China
Site 7	Baowu Aluminum Technology Co., Ltd.	Yuwang Road, Sanmenxia Industry Zone, Sanmenxia City, Henan Province, P.R. China
Site 8	Baosteel Huangshi Coated and Galvanized Sheet Co., Ltd.	No. 99, Xingang (Logistics) Industry Zone, Yangxin Town, Huangshi City, Hubei Province, P.R. China
Site 9	Shanghai Baosteel NOVA Automotive Steel sheet Co., Ltd.	Cold Rolling Comprehensive Building, Waiwu Road, Baosteel, Baoshan District, Shanghai, P.R. China
Site 10	Yantai Lubao Steel Pipe Co., Ltd.	No. 1030, Yongda Street, Fushan District, Yantai City, Shandong Province, P.R. China
Site 11	Guangzhou JFE Steel Sheet Co., Ltd.	No 4 & 6, Honggang Road, Wanqingsha Town, Nansha District, Guangzhou City, Guangdong Province, P.R. China

Page 4 of 4

199

