



# 2025

## Sustainability Report

# About This Report

This is the eighth sustainability/social responsibility report released by the Company. This report outlines the Company's efforts in environmental protection, social responsibility, and corporate governance in 2025, responding to the expectations and concerns of stakeholders.

## Reporting period

This report covers the period from January 1, 2025 to December 31, 2025, with certain content extending beyond this period.

## Reporting Scope

This report covers the Company and its subsidiaries, branches, and directly affiliated entities. For ease of reference, "Inner Mongolia Baotou Steel Union Co., Ltd." is also referred to as "Baogang Steel", "the Company", or "we" in this report.

## Sources of Information and Reliability Assurance

The information and data disclosed in this report are derived from official Company documents and statistical reports and have been reviewed by relevant departments. The Company undertakes that this report contains no false records or misleading statements and assumes responsibility for its authenticity, accuracy, and completeness.

## Basis of Preparation

- ◎ Chinese Academy of Social Sciences, "Guidelines for Corporate Social Responsibility Reporting in China (CASS-ESG 6.0)"
- ◎ Guidelines No. 1 of the Shanghai Stock Exchange for Self-Regulation of Listed Companies — Standard Operation
- ◎ Shanghai Stock Exchange, "Self-Regulatory Guidelines No. 4 for Listed Companies – Sustainability Report Preparation"
- ◎ Shanghai Stock Exchange, "Self-Regulatory Guidelines No. 14 for Listed Companies – Sustainability Report (Trial)"
- ◎ Global Sustainability Standards Board, "GRI Sustainability Reporting Standards (GRI Standards)"
- ◎ United Nations 2030 Sustainable Development Goals (SDGs)
- ◎ Guidelines for State-owned Enterprises to Better Fulfill Social Responsibilities of SASAC of the State Council

## Access to this Report

The electronic version of this report is available on the Company's website (<https://www.baoganggf.com>) under Investor Relations – Sustainability Reports, or on the Shanghai Stock Exchange website (<https://www.sse.com.cn/>).

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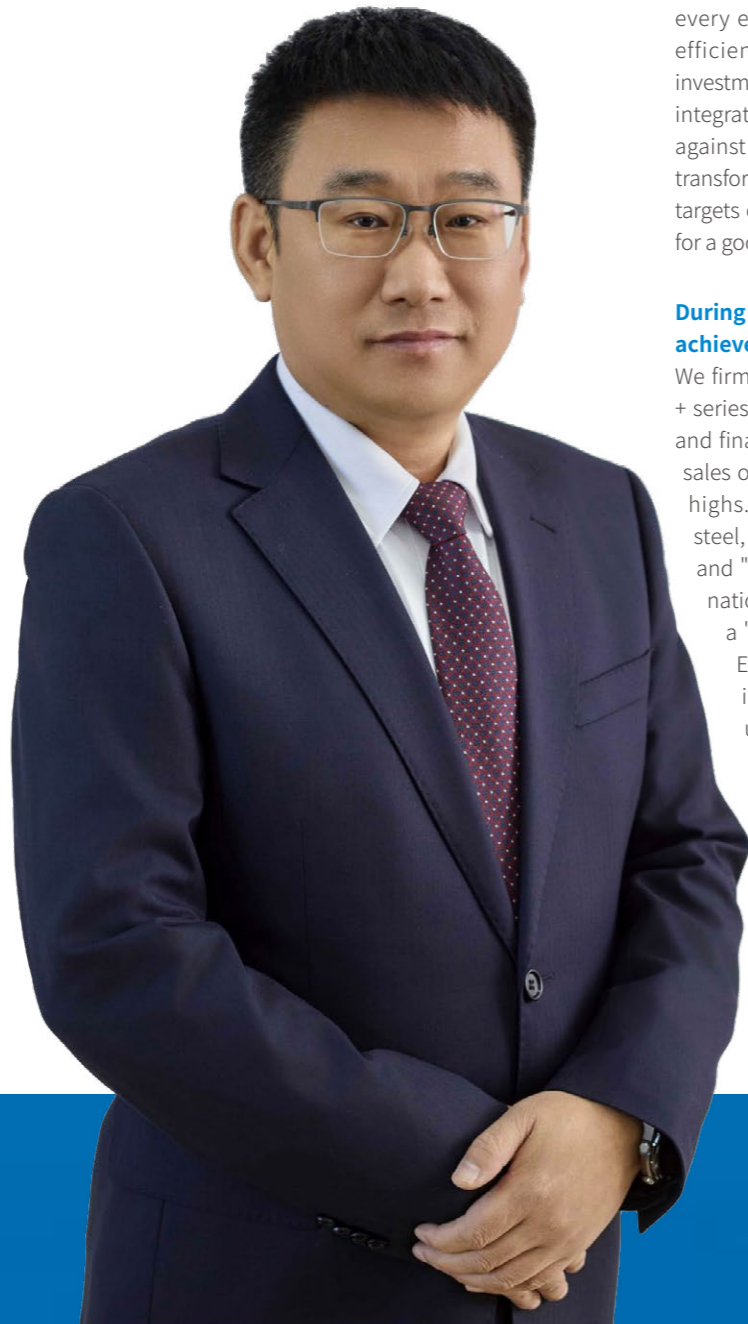
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# Chairman's Message



2025 marks the final and pivotal year of the 14th Five-Year Plan. In response to the call of the times and the responsibility of development, the Company has kept firmly in mind the earnest instructions of President Xi Jinping, focusing on the goal of "long-term stable profitability in the steel core business". We have made every effort to "optimize structure, expand markets, improve efficiency, strengthen performance, reduce costs, optimize investment, and ensure quality". Guided by innovation, driven by integration, and oriented toward results, we accelerated growth against headwinds and strengthened core capabilities through transformation, delivering solid results, successfully completing all targets of the 14th Five-Year Plan, and laying a strong foundation for a good start to the 15th Five-Year Plan.

**During the year, we deepened integrated development and achieved a new level of operational quality and efficiency.**

We firmly advanced the strategy of "high-quality specialty steel + series rare earth steel", deepening the integration of business and finance, as well as R&D, production, and sales. Output and sales of specialty steel and rare earth steel both reached record highs. High-value products such as heavy rail, wind power steel, and automotive steel made outstanding contributions, and "Baogang Manufacturing" has been widely applied in key national projects. We accelerated the transformation toward a "comprehensive materials solutions provider", advanced EVI cooperation in automotive steel, and promoted the implementation of multiple customized projects. Product upgrading continued steadily, and overseas markets expanded continuously.

Chairman of Baogang Steel

**During the year, we accelerated green transformation and achieved new breakthroughs in low-carbon development.** We actively implemented the "dual carbon" strategy, driven by green development as the foundation and digital-intelligent empowerment as twin engines. Green factory practices delivered notable results, with self-generation rates reaching key milestones and energy efficiency targets of the 14th Five-Year Plan exceeded. Hot-rolled products obtained low-carbon steel certification, and the carbon management system was steadily established. We continued to consolidate ultra-low emission achievements, with major pollutant emissions steadily declining, demonstrating through action the green transformation of a traditional industrial enterprise.

**During the year, we strengthened digital-intelligent empowerment and built new advantages through digital transformation.**

We leveraged digital and intelligent technologies to drive industrial transformation. Our metering data application was selected as a national outstanding case, we obtained the "Level 3 Intelligent Manufacturing Maturity" certification, and became the first advanced smart factory in the steel industry of the autonomous region. We advanced lean management in parallel, strengthened "quality consistency" control, and steadily improved first-pass yield. Multiple products received the industry's "Golden Cup" awards, translating technological innovation into tangible development value.

**During the year, we strengthened talent development to reinforce the Company, unlocking new momentum in team vitality.**

We deepened state-owned enterprise reform, implemented tailored "one enterprise, one policy" assessments to unlock vitality, achieved notable progress in reforming the three core systems, and significantly improved overall labor productivity. We implemented order-based training programs for on-site engineers, continuously expanding our talent pipeline. We strengthened our compliance and risk control system, ensured robust and effective safety management, were selected as one of the 'Top 100 ESG Pioneer State-owned Listed Companies in China', and safeguarded high-quality development through standardized governance.

The road ahead is long, and only relentless effort will carry us forward. Let us stay grounded in action and driven by innovation, carry forward the spirit of tackling challenges head-on, cultivate the resilience to solve any problem, and maintain our pioneering drive. With the mindset that 'success does not have to be mine' and the commitment that 'success must involve me', we will jointly shape a more ambitious future for Baogang, advance firmly toward becoming a world-class enterprise, and contribute strong momentum to writing a new chapter of Chinese modernization in Inner Mongolia.

# About Baogang Steel

## Company Overview

The "Rare Earth Steel" brand value reaching RMB **27.26** billion

increase of RMB **1.101** billion

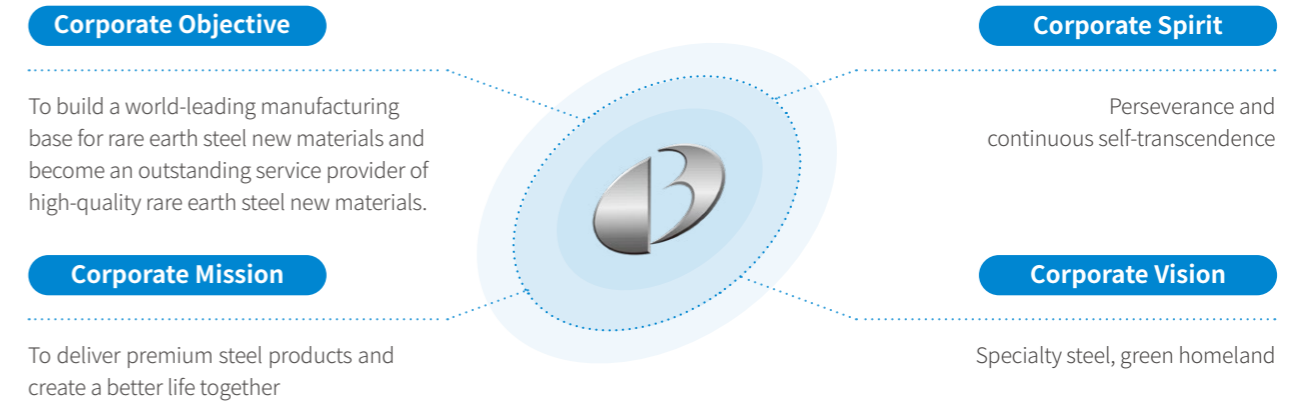
Winner of "Inner Mongolia Steel Industry Iconic Brand" "Inner Mongolia Brand Building Benchmark Enterprise" honors, with ever-increasing brand value.

Founded in 1954, Baogang was one of the 156 key projects constructed during China's First Five-Year Plan. It is the only steel enterprise whose commissioning ceremony was officiated by Premier Zhou Enlai. The well-known story of "building Baogang through united efforts", cited by President Xi Jinping, originated here. Baogang's development has attracted widespread attention and had a far-reaching impact. In 1999, to establish a listed steel company, Baogang set up Inner Mongolia Baotou Steel Union Co., Ltd., primarily based on its rolling assets. The Company was officially listed on the Shanghai Stock Exchange on March 9, 2001, with the stock code 600010. Over more than 20 years since listing, the Company's total assets have increased 20-fold, equity financing has reached RMB 45.935 billion, and total market capitalization has grown from RMB 8 billion to a peak of over RMB 230 billion, making it a key steel industry base in China.

Leveraging the unique co-existing iron ore and rare earth resources of Baiyun Obo, the Company has developed distinctive "rare earth steel" products featuring excellent ductility, wear resistance, corrosion resistance, low-temperature resistance, toughness, and tensile strength. These products are widely recognized by downstream customers and have been applied in major national projects such as the Beijing-Shanghai High-Speed Railway, Qinghai-Tibet Railway, Three Gorges Project, Beijing Daxing International Airport, and the China-Russia East-Route Natural Gas Pipeline, and are exported to over 60 countries and regions including Europe and the United States. After years of development, in 2025, the Company was recognized as a benchmark enterprise for brand building in Inner Mongolia for 2025, marking its eighth consecutive year on the list. The "Rare Earth Steel" brand ranked among China's Top 500, with brand value reaching RMB 27.26 billion, an increase of RMB 1.101 billion compared with 2024. Twelve products received the "Gold Cup" awards from the China Iron and Steel Association and the Company was recognized as a "China Outstanding Steel Enterprise Brand".

At present, the Company has an annual crude steel production capacity of 17.2 million tonnes, producing key products including heavy rail, wind power steel plates, wear-resistant steel, zinc-aluminum-magnesium coated steel sheets, pipeline steel, home appliance steel, automotive steel, and oil pipes. Its overall equipment level has reached international first-class standards, forming a production structure of four premium product lines: "plates, pipes, rails, and wire".

## Corporate Culture



## Principal Businesses

Plates	Seamless Steel Pipes	Heavy Rail Sections	Wire Rods
<p>The Company operates CSP, wide and heavy plate facilities, and internationally advanced 2,250 mm hot continuous rolling lines, along with supporting cold rolling, continuous annealing, and galvanizing production lines, making it the largest plate production base in central and western China.</p>	<p>The Company operates five seamless pipe production lines with diameters including 159 mm and 460 mm, making it one of China's most comprehensive seamless pipe production bases in terms of product variety and specifications.</p>	<p>The Company operates two world-class large universal rolling lines and residual heat quenching lines, making it one of the most advanced and largest high-speed rail production bases globally.</p>	<p>The Company operates four wire and bar production lines and is an important high-end wire rod and bar production base in northwest China.</p>
<p><b>Product Structure</b> Premium High-quality Steel + Series of Rare Earth Steel</p>		<p><b>Industrial Chain</b> Cold-rolled Deep Processing + Steel Pipe Deep Processing</p>	

Looking ahead, the Company will remain committed to its dual core businesses of "steel + resource development", align with the new stage of development, uphold new development principles, integrate into the new development paradigm, and steadfastly pursue a high-quality development path guided by ecological priority and green development, while fully advancing projects under the "carbon peaking and carbon neutrality" plan. The Company focuses on advanced steel materials and rare earth steel new materials to drive value enhancement of strategic products, strengthen regional market leadership, reinforce control over specialized niche markets, and enhance its international presence. It has made new breakthroughs in transforming into an integrated solution provider, established itself as an industry benchmark for low-carbon development across the entire value chain and lifecycle, accelerated the development of full-process intelligent factories, and is committed to becoming a leader in new-quality productivity for steel materials, an enabler of green and low-carbon steel materials, a core creator of value across the industrial chain, and a first-class steel enterprise.

## Company History

The Company was established as Inner Mongolia Baotou Steel Union Co., Ltd.



The Company was officially listed on the Shanghai Stock Exchange.

The Company's annual steel production reached 10 million tonnes, placing it among China's large-scale steel enterprises with ten-million-tonne capacity.



The Company acquired mineral processing-related assets from Baogang Group, iron separation assets under the Baiyun Obo comprehensive utilization project, and tailings pond assets.



The Company acquired rare earth and niobium separation assets from the Baiyun Obo resource comprehensive utilization project of Baogang Group Baoshan Mining Company, accelerating the development and utilization of tailings resources.



The rare earth steel plate project was fully completed, marking a milestone in the transformation and upgrading of the steel industry in the Inner Mongolia Autonomous Region.



The Company acquired 100% equity in Barun Mining Co., Ltd. held by Baogang Group and the mining rights of the West Mine of the Baiyun Obo iron ore.

1999

2001

2009

2012

2015

2016

2017

The Company launched an ultra-low emission retrofit project for a 5 million-tonne pellet belt roasting machine.



2021



The Company completed an 800,000-tonne fluorite beneficiation production line and fluorochemical production line, achieving large-scale development and deep processing of fluorite resources.

2023

2024



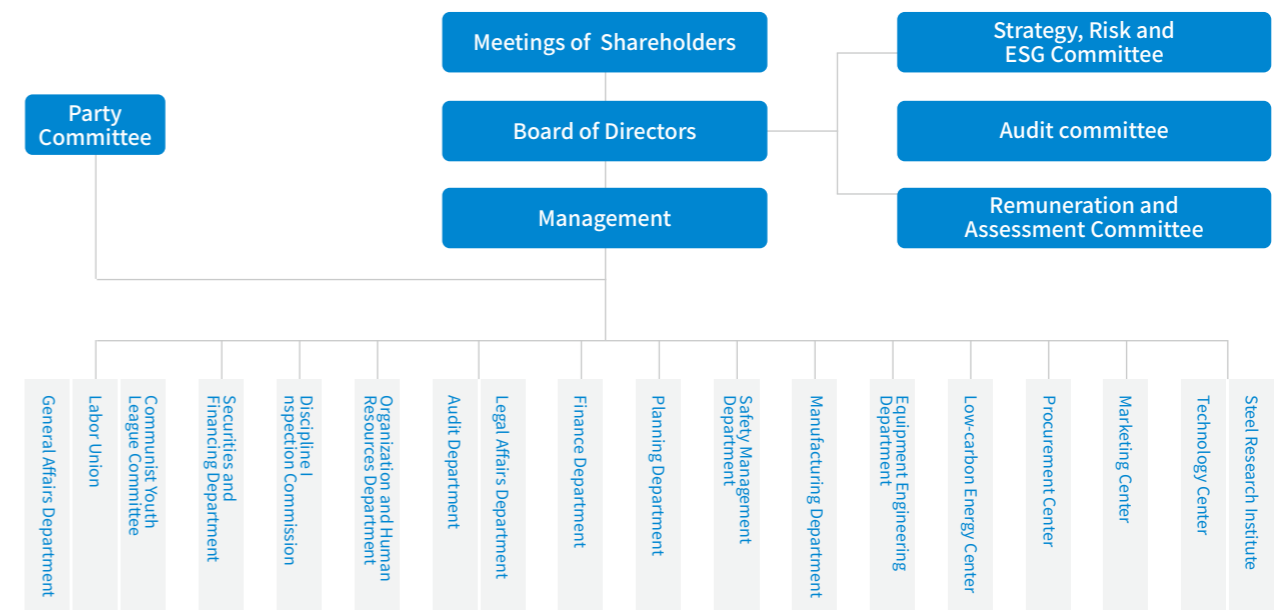
The aluminum-magnesium coated dual-phase steel product was successfully applied in the automotive industry for the first time and passed trial molding, paving the way for large-scale application and accelerating market expansion in both breadth and depth through the "product + service" model.

2025

The Company firmly implemented the product structure strategy of "premium steel + series of rare earth steel", with specialty steel sales increasing by 9.65% year-on-year.



## Organizational Structure



# Annual ESG Performance

### In February 2025

the Company's aluminum-magnesium coated dual-phase steel was successfully applied in the automotive sector for the first time and passed trial molding. The product has completed preliminary work including laboratory and industrial coil trials and is currently undergoing application testing with a popular vehicle model.



### In March 2025

the Company's wind power steel products successfully won the bid for a major domestic wind power project, providing critical support for the national key project "Xinjiang Power Transmission to Chongqing" and promoting regional energy structure optimization and low-carbon transition.



### In June 2025

the proposed list of advanced smart factories in the Inner Mongolia Autonomous Region was released, and the Company was included in recognition of its outstanding achievements in digital transformation and intelligent manufacturing.



### In August 2025

the Company's independently developed 400 km/h high-speed rails were successfully supplied to a domestic high-speed railway under construction. All performance indicators reached leading levels in China, further strengthening the Company's technological leadership in high-speed rail materials and providing higher-quality core material support for the rapid development of China's high-speed railway network.



### In September 2025

the rare earth high-strength, high-toughness casing pipe independently developed by the Company's steel pipe subsidiary was successfully deployed for the first time in an ultra-deep well at a depth of 8,000 meters. This enhanced the core competitiveness of the Company's steel pipe products, provided valuable experience for the industry's development of pipes for ultra-deep well operations, and offered important technical reference for developing steel pipe products suitable for ultra-deep wells exceeding 9,000 meters.



### In October 2025

the case titled "Full-chain metrology data + laser vision + AI algorithms' collaborative application driving intelligent heavy rail production and comprehensive testing efficiency improvement", submitted by the Company's metrology center, was selected as one of the first batch of typical metrology data application cases by the State Administration for Market Regulation.



### In November 2025

the Company successfully trial-produced 1000 MPa-grade ultra-high-strength, weldable rare earth steel plates for hydropower applications, marking a major breakthrough in high-strength steel materials for hydropower.



### In January 2025

the Company achieved a new breakthrough in metallurgical process innovation. The industrial trial of pellet charging for the country's largest 624 m<sup>2</sup> belt roasting machine was successfully completed, marking a new advancement in the Company's pellet production technology within the steel industry.



### In March 2025

the first urban light rail line in Central Asia using rails fully supplied by the Company—the Kazakhstan light rail project—officially entered the track-laying stage. It will become one of the most technologically representative urban rail transit projects in Kazakhstan and Central Asia, marking a substantive breakthrough in the Company's deep participation in the joint construction of the "Belt and Road Initiative".



### In April 2025

the Company's first batch of independently developed high-end chromium-molybdenum pressure vessel steel for hydrogen service was successfully rolled off the production line, with all performance indicators meeting required standards. This marks another breakthrough in high-end vessel steel technology and injects new momentum into the development of materials for China's energy and chemical equipment sector.



### In August 2025

the Company achieved bulk export of its first batch of high-strength heat-treated rails compliant with European standards, marking a historic breakthrough in high-end European-standard rail manufacturing. The successful large-scale supply of these high-strength heat-treated rails marks a historic breakthrough in the Company's efforts to deepen its presence in the European-standard market and accelerate the development of a comprehensive product portfolio.



### In August 2025

during the 14th China International Steel Conference, the Company's hot-rolled coil products were awarded a low-carbon steel certification, becoming the first steel product in the Inner Mongolia Autonomous Region to receive this certification.



### In October 2025

the ESG China Innovation Annual Conference (2025) and the first ESG International Expo were held in Beijing, and the Company was selected for the "Top 100 ESG Pioneer State-owned Listed Companies in China" list.



### In November 2025

the Company held the hydrogen pipeline promotion and technical seminar titled "Hydrogen for the Future, Steel as the Backbone" at Baogang Hotel. At the event, two new products—hot-rolled pipeline steel strips and seamless pipes for long-distance hydrogen transmission—were released, and the "Hydrogen-resistant Steel Joint Laboratory" was officially launched.



### In November 2025

a key science and technology project titled "Development and Industrialization of Rare Earth Microalloyed Steel Series Products", led by the Company in collaboration with China Iron and Steel Research Institute Group, passed final acceptance. The project enhances the performance advantages of rare earth steel and injects new momentum into high-quality development of the manufacturing industry.

# Responsibility Topic

## Topic One

### "Rare Materials for a Rare Era, Forging New-quality Productivity for Major National Equipment"

Leveraging the world-class rare earth resources of the Baiyun Obo mine, the Company focuses on the strategic direction of "premium steel + series of rare earth steel". It fully harnesses the role of rare earths—known as "industrial vitamins"—in enhancing steel performance, strengthens new-quality productivity through technological innovation, and has established a comprehensive rare earth steel R&D system comprising five product series, 67 varieties, and over 300 grades. In response to the needs of high-end and green development in the manufacturing sector, the Company continues to transform its rare earth resource advantages into material and industrial advantages, steadily enhancing its capacity to supply high-performance steel and support major national projects.

The Company continues to refine its integrated "resources–R&D–manufacturing–standards–market" advancement mechanism, positioning rare earth steel as a key driver of its "premium steel + series of rare earth steel" strategy. It coordinates efforts across original technology development, product system optimization, standards and patent layout, and key application scenarios, accelerating the transformation of resource, R&D, and manufacturing strengths into product and market advantages. In 2025, the Company's R&D investment intensity remained above 5%, further strengthening the foundation for rare earth steel research and innovation. Focusing on "rare earth + steel" application research, the Company has developed 83 core technologies, formulated and revised nine international and industry standards for rare earth steel, obtained 1,920 authorized patents, and achieved first-in-industry launches of 10 products, including hydrogen embrittlement-resistant pipeline steel, further reinforcing its technological accumulation and expanding its brand influence in the rare earth steel sector.

### Optimizing Production Processes to Build Quality through Innovation

The Company advances product upgrades through process innovation, focusing on the application potential of rare earth elements in wear resistance, corrosion resistance, toughness, and weldability. It continuously optimizes production processes and performance control systems, driving the evolution of rare earth steel from specialized R&D to scaled and high-end supply.

As of the end of 2025, the Company had developed more than 60 new products, including rare earth welding wire steel, high-grade cold-rolled/galvanized ultra-deep drawing steel sheets for automotive and home appliance applications, hydropower steel series, high magnetic induction grain-oriented silicon steel, and 400 HB-class hypereutectoid heat-treated rails. In addition, 12 products, including hydrogen transmission pipeline steel, achieved first-in-industry launches, filling multiple market gaps. "Baogang Rare Earth Steel" has gradually become a well-recognized brand with both strong technical capabilities and market acceptance.



Quality inspectors are conducting thorough and detailed inspections of newly produced rare earth wear-resistant steel

### The Company's self-developed rare earth oil casing successfully applied in an ultra-deep well for the first time

In September 2025, the Company's independently developed rare earth high-strength, high-toughness oil casing was successfully deployed for the first time in an ultra-deep well at a depth of 8,000 meters. This successful application in ultra-deep well operations not only enhanced the core competitiveness of the Company's steel pipe products, but also provided valuable experience for the industry in developing pipes for ultra-deep well operations and offered important technical reference for steel pipe products designed for ultra-deep wells exceeding 9,000 meters.



Rare Earth Oil Casing

### Building Premium Steel Products to Support National Strategies with Rare Earth Steel

The Company continues to expand application scenarios for rare earth steel around major national projects and high-end equipment needs, aligning product development with key industry demands and continuously enhancing the depth of application and market influence of rare earth steel in sectors such as rail transit, energy development, and major infrastructure.

The Company has developed a full range of specialized railway steel products covering high-speed railways, heavy-haul railways, and cold-region railways. It has continuously supported major railway projects both domestically and internationally, including the "Hungary–Serbia Railway", "China–Laos Railway", and "Baotou–Yinchuan High-speed Railway", demonstrating the strong application capabilities of rare earth steel in major engineering projects.

#### The Company supported the launch of track laying for the first intercity railway in Central Asia

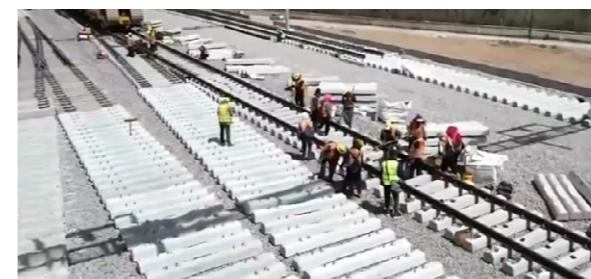
In March 2025, the first urban light rail line in Central Asia using rails fully supplied by the Company—the Kazakhstan light rail project—officially entered the track-laying stage. Upon completion and operation, the project will reduce commuting time between the two ends of the line by nearly half. It will become one of the most technologically representative urban rail transit projects in Kazakhstan and Central Asia, marking a substantive breakthrough in the Company's deep participation in the joint construction of the "Belt and Road Initiative".



High-quality Rail Products

#### Dual Breakthroughs in High-end Rails at Home and Abroad, Continuously Enhancing the Company's Competitiveness in Rail Materials

In 2025, the Company's independently developed 400 km/h high-speed rails were successfully supplied to a domestic high-speed railway under construction, with all performance indicators reaching leading levels in China. Meanwhile, the first batch of R370CrHT high-strength heat-treated rails compliant with European standards achieved bulk export, marking significant progress in high-end European-standard rail manufacturing. These two breakthroughs demonstrate the Company's continued advancement in the R&D and manufacturing of high-speed rail materials, as well as its comprehensive capabilities in international standard alignment, complex process control, and stable large-scale supply. They further enhance the high-end rail product portfolio and provide strong support for national key projects, expansion into high-end overseas markets, and the transition toward higher-value products.



The Company's rare earth steel supports the smooth operation of the Baotou–Yinchuan High-speed Railway



The Company's rare earth high-strength, high wear-resistant heat-treated rails are applied in the "West-to-East Coal Transportation" project

Rare earth steel has become a key driver for the Company in upgrading its product structure and enhancing high-end supply capacity. The proportion of specialty steel sales continues to increase, the rare earth steel product system is continuously enriched, and both product influence and brand recognition are further strengthened. Looking ahead, the Company will continue to implement its rare earth steel new materials expansion plan, targeting no fewer than 10 first-in-industry product launches. It will further advance the development of high-strength lightweight, corrosion-resistant, and customized products, continuously enhancing the market competitiveness and value creation capability of rare earth steel.

# Responsibility Topic

## Topic Two

### "Intelligent Manufacturing Engine, Empowering a New Steel Ecosystem with Smart Technologies"

The Company keeps pace with the digital and intelligent era, taking "intelligent production and smart operations" as its core strategic direction. It continues to advance the development of "Digital Baogang", driving deep integration of digital and intelligent technologies with steel manufacturing. Focusing on key areas such as production operations, equipment management, quality control, and supply chain coordination, the Company continues to advance information system development, automation upgrades, and data governance in a coordinated manner, promoting the evolution of digitalization from isolated applications to full-process integration.

In 2025, the Company obtained Level 3 certification under the national Intelligent Manufacturing Capability Maturity Model (CMMM) and AAA certification under the "Integration of Informatization and Industrialization" management system, and was recognized as the first "Advanced Smart Factory" in the regional steel industry. The numerical control rate of key processes and the digitalization rate of production equipment reached 84.17% and 61.81%, respectively, further strengthening the Company's digital and intelligent foundation. Meanwhile, the Company's intelligent manufacturing capability reached the "Advanced Level" under the MIIT intelligent manufacturing maturity standard, placing it among the leading tier in the industry.



## Enhancing Digital and Intelligent Management

The Company continues to improve its digital and intelligent management system, strengthening the foundation for intelligent manufacturing through standardization and systematization. Through system certifications, process optimization, and rule development, the Company has further enhanced the standardization and coordination efficiency of its digital and intelligent management, providing a solid foundation for the deployment of intelligent scenarios and end-to-end integration.

The Company was recognized as an "Advanced Smart Factory" in Inner Mongolia Autonomous Region



## Advancing Digital and Intelligent Transformation

In 2025, the Company advanced digital and intelligent transformation initiatives across five key areas—hardware infrastructure, data governance, equipment management, system optimization, and technology application—driving implementation across multiple dimensions and translating top-level design into frontline execution.

### Advancing Comprehensive Deployment of Intelligent Central Control Centers

○ With the goal of building an excellence-level smart factory, the Company promoted the full-scale development of central control centers, integrating information silos across production processes and enabling centralized control and information sharing at production sites. As of the end of 2025, more than 30 central control centers had been completed.

### Deepening Data Governance and System Integration

○ The Company promoted deep integration between business operations and information systems, established data connectivity across systems, and implemented standardized governance and regulated use of key business data;

○ It also streamlined the full-process cost control system for infrastructure project management, enabling end-to-end data digitalization and promoting automatic integration across business systems.

### Strengthening Intelligent Monitoring Across the Equipment Lifecycle

○ The Company prioritized equipment management as a key focus of digital and intelligent transformation. Based on existing systems, it added monitoring points for A+ category equipment, enabling real-time monitoring of operating conditions and timely fault warnings;

○ Centered on the "Integrated Maintenance" system, the Company provides digital tools for full lifecycle equipment management, with a focus on condition monitoring and end-to-end management of A+ category equipment.

### Optimizing Information Systems Across the Full Business Chain

○ The Company upgraded information systems across core business processes, optimizing procurement workflows within the supply chain management system and reducing procurement costs.

○ Within the quality management system, the Company improved product traceability efficiency, reduced the rate of non-conforming products, and enhanced the efficiency of handling quality-related claims.

### Deploying Artificial Intelligence Across Operational Scenarios

○ The Company developed and deployed the Baogang AI intelligent recognition and analytics system, installing multi-point cameras across selected production lines and key scenarios to enable intelligent detection and real-time alerts for events such as conveyor belt deviation and unauthorized personnel crossing, thereby advancing the on-site application of artificial intelligence.



Intelligent Central Control Center at the Rail and Beam Plant, Reshaping Industrial Capabilities Through End-to-End Smart Manufacturing



Smart Mining Activates the Resource Engine, Advancing from Isolated Breakthroughs to Ecosystem Synergy

Intelligent manufacturing has become a key enabler for the Company to enhance manufacturing efficiency, product quality, and operational coordination. Looking ahead, the Company will continue to advance the "AI+" initiative, enabling end-to-end data connectivity across mining, ironmaking, and steel rolling processes, building smart production lines and customized intelligent factories, and driving the evolution of intelligent manufacturing from scenario deployment to business empowerment.

# Responsibility Topic

Topic Three

## "Resource Symbiosis, Strategic Resource Security and Green Development"

Leveraging the resource endowment of the Baiyun Obo mining area and its core steel business, the Company continues to advance coordinated efforts in resource security, comprehensive utilization, and green development, striving to transform resource advantages into industrial and development strengths. The Company positions resource and comprehensive utilization industries as key growth drivers, continuously enhancing the "resources-materials-products-recycling" value chain through resource development, green design, and high-value utilization, and strengthening its control over strategic resources and overall resource utilization efficiency.

The Company has established a drone countermeasure and control system across three key areas—the concentrator tailings pond, Barun Mine and its tailings pond, and Baoshan Mining—to safeguard information security in rare earth strategic resource protection zones and sensitive classified areas under its jurisdiction.

### Securing Strategic Resource Supply

The Company regards resource control as a fundamental pillar for enhancing industrial security and stability, continuously strengthening its capabilities in mineral resource development and utilization to support core business growth and industrial upgrading. The Baiyun Obo Mine is the world's largest deposit of co-associated iron, rare earth, and niobium resources, and a major repository of China's mineral wealth, widely known as the "fertile sacred mountain" and the "world capital of rare earths". The Baiyun Obo Mine is a multi-metal co-associated deposit of iron, rare earth, niobium, and fluorite, consisting of the Main Mine, East Mine, and West Mine. The West Mine, owned by the Company, is a multi-metal co-associated deposit of iron and rare earth. It has proven iron ore reserves of 750 million tonnes and an annual mining capacity of 10 million tonnes. With its unparalleled resource diversity, the Baiyun Obo Mine has provided critical support for major breakthroughs in China's research on the occurrence patterns of rare earth elements.

#### Baiyun Obo Mine Resource Reserves

Proven iron ore resources of **15.7** billion tonnes

**The largest rare** earth resource reserves in the world  
Niobium resources ranking **second globally**, after Brazil

Fluorite concentrate output exceeding **800,000** tonnes

A new rare earth mineral, named "Huangheite-(Nd)", was discovered in the central section of the main ore body of the Baiyun Obo deposit and has been unanimously approved by the Commission on New Minerals, Nomenclature and Classification of the International Mineralogical Association.

Two new niobium-rich minerals, "Zuolinite" and "Hongruite", were discovered in the Baiyun Obo mining area and have been officially approved by the Commission on New Minerals, Nomenclature and Classification of the International Mineralogical Association.

### Advancing Green Design and Development

The Company integrates green and low-carbon principles throughout the entire R&D process, focusing on rare earth new materials and advanced steel materials, strengthening fundamental research, standards development, and downstream application coordination, and promoting the shift from raw material supply to high-value utilization. Leveraging the unique co-existence of iron and rare earth resources at the Baiyun Obo Mine, the Company is committed to building the world's largest base for rare earth raw materials and new functional materials, focusing on rare earth new materials and advanced steel materials. Focusing on key bottleneck technologies in rare earth steel new materials and comprehensive resource utilization, the Company strengthens fundamental research in end-use applications, advances standards development and labeling applications, and has achieved a series of major technological breakthroughs. By incorporating the "RE" designation into rare earth steel grades, the Company enhances product recognition and brand influence, strengthens its capacity to supply high-end products and core competitiveness, and continuously improves the value creation of rare earth steel.



The Company's rare earth OCTG was applied for the first time in an 8,000-meter deep well



The Company successfully trial-produced 1000 MPa-grade ultra-high-strength, easy-to-weld rare earth steel plates for hydropower applications

Resource and comprehensive utilization industries have become a key support for the Company's industrial synergy and value extension. Looking ahead, the Company will further strengthen its resource control and comprehensive utilization capabilities, accelerate the development and utilization of mineral resources at the Baiyun Obo Mine, advance hydrogen-based phase transformation of medium- and low-grade oxidized ores, and promote the upgrading of fluorine materials and coal coking-based materials toward new energy materials and electronic chemicals, thereby extending resource development to support industrial upgrading and new growth drivers.



# Governance Excellence Driving Steady Development

The Company upholds high-quality Party building as a driver of high-quality development, deeply integrating Party leadership into all aspects of corporate governance, strengthening its political foundation, and enforcing strict discipline and work conduct. In 2025, in response to the revised Company Law of the People's Republic of China and new capital market regulatory requirements, the Company continued to optimize its governance structure, strengthened compliance and risk management, and established a modern corporate governance system characterized by clearly defined and transparent responsibilities, coordinated operations, and effective checks and balances, providing strong political and organizational support for steady development.

# Strengthening Foundations Through Party Building and Strategic Leadership

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company's Party Committee fully implements the key principles on Party building and self-reform, thoroughly carries out the decisions and deployments of the CPC Central Committee and higher-level Party organizations, upholds and strengthens overall Party leadership, reinforces the sense of a shared Chinese national community, strictly implements the Eight-point Decision on improving work conduct, advances discipline enforcement and anti-corruption efforts, and ensures all work is carried out effectively, with high-quality Party building providing strong guidance and assurance for high-quality development.

## Political Leadership Setting Strategic Direction

The Company places political development at the forefront, translating the strengths of Party leadership into governance effectiveness. By improving governance structures and strengthening political oversight, it ensures alignment between corporate development and national strategies.



The Baogang Party Committee organized a dedicated study session on "Deeply Studying and Implementing the Spirit of the Fourth Plenary Session of the 20th CPC Central Committee, Fulfilling Entrusted Missions, Advancing with Gratitude, and Building a Globally Leading World-class Enterprise"

## Strengthening Discipline and Promoting Integrity

The Company consistently maintains strict governance, integrating Party conduct improvement and integrity risk prevention into all aspects of operations and management. Through ongoing efforts to address the "Four Forms of Misconduct" and deepen anti-corruption initiatives, it has fostered a clean and disciplined business environment.

- The Company strictly implements the "First Agenda" mechanism, ensuring the timely communication and study of the latest important speeches and instructions of President Xi Jinping.
  - The Company takes strengthening the sense of a shared Chinese national community as a guiding principle across all work, integrating it deeply into Party building, business operations, and corporate culture.
  - The Company carried out in-depth education on implementing the spirit of the Eight-point Decision, advancing integrated actions of learning, inspection, and rectification, with all 13 identified issues in 2025 fully rectified and closed.
- Leveraging platforms such as the Party Committee's theoretical study group, learning forums, and the "Three Meetings and One Lecture" system, the Company advanced tiered and targeted theoretical learning for Party members and cadres, enhancing political literacy. Its research achievement, "Practices and Exploration of High-level Ideological and Political Work Empowering High-quality Enterprise Development", was awarded by the China Metallurgical Political Research Association.
  - The Company formed a communication team composed of model Party members, model workers, outstanding female representatives, and youth exemplars, conducting face-to-face outreach at the frontline and reaching over 1,000 employees.
  - The Company launched the "Micro Party Lecture Month" initiative, adopting a model of "one theme per month with everyone as a speaker" to promote deeper understanding and internalization of the Party's innovative theories.
- The Company continuously optimized its communication strategy, producing nearly 100 themed reports on "Strengthening the Enterprise through Branding", and publishing over 120 articles on reform and development achievements in authoritative media such as China Metallurgical News, further enhancing brand reputation and social influence.

**The Company received the 2025 "SSE Eagle · Golden Quality" Award for Excellence in Party Building**

### Strengthening Political Oversight

- The Company established a coordinated mechanism integrating political, routine, and special-purpose oversight, ensuring effective alignment across all forms of supervision.
- It carried out targeted oversight in key areas such as the implementation of the Fourth Plenary Session of the 20th CPC Central Committee and personnel selection and appointment.
- Throughout the year, the Company reviewed 418 pre-decision reports on "major decisions, major appointments, major projects, and large capital operations", ensuring that power is exercised in a standardized manner under effective oversight.

### Enforcing Strict Discipline and Accountability

- The Company precisely applied the "Four Forms of Oversight and Discipline Enforcement", addressing issues at an early stage and preventing escalation, strictly investigating violations of discipline and law, and upholding the rigidity of discipline.
- The Company conducted joint supervision and inspections in key areas such as bulk procurement and tendering, promoting the standardized exercise of business authority.
- The Company supported the Party Committee in advancing full and rigorous Party governance, urging Party organizations at all levels to fulfill their primary responsibilities.

### Strengthening Work Conduct

- The Company intensified efforts to address misconduct and corruption affecting employees and the public, organizing warning education sessions that analyzed 19 typical cases, reaching over 400 cadres and employees.
- The Company implemented long-term mechanisms to reduce burdens at the grassroots level, optimized document circulation and reporting processes, and consolidated 127 low-efficiency WeChat groups, effectively reducing repetitive work.
- The Company conducted oversight on issues such as inadequate performance of duties and poor work conduct among cadres, providing admonitions and corrective education to responsible personnel, and effectively addressing formalism and bureaucracy.

## Strengthening Organizational Foundations

The Company emphasizes the role of grassroots Party organizations as strongholds and Party members as role models. By building distinctive Party-building brands and deepening cultural and ideological development, it has fostered a strong collective drive for entrepreneurship and performance.

### Implementing Targeted Initiatives

- The Company advanced the Party and mass organizations' special initiative of "Focusing Efforts to Promote Reform and Ensuring Implementation through Practical Actions".
- The Company established 58 Party-building initiatives targeting bottlenecks and challenges in production and operations.
- The Company leveraged Party building to address development challenges, enhancing both quality and efficiency in core operations.

### Build Fortress-type Party Branches

- The Company established a comprehensive Party-building brand matrix guided by the principle of "Bearing Responsibilities with Iron Shoulders and Reflecting Original Aspirations through the Furnace", achieving a 100% brand development rate across all units.
- The Company completed the establishment of stronghold Party branches with high quality, achieving a 100% completion rate across 308 Party branches.
- A total of 98 branches were recognized as Company-level stronghold branches, and 35 were designated as model stronghold branches.

### Optimizing Institutional Framework

- The Company formulated the "2025 Key Points for Party Building" and the "Implementation Plan for Special Initiatives of Party and Mass Organizations", establishing a system that deeply integrates Party building with business operations.
- The Company established a mechanism that aligns Party building with production and operations in planning, deployment, evaluation, and incentives, incorporating Party-building outcomes into core performance indicators for grassroots units.



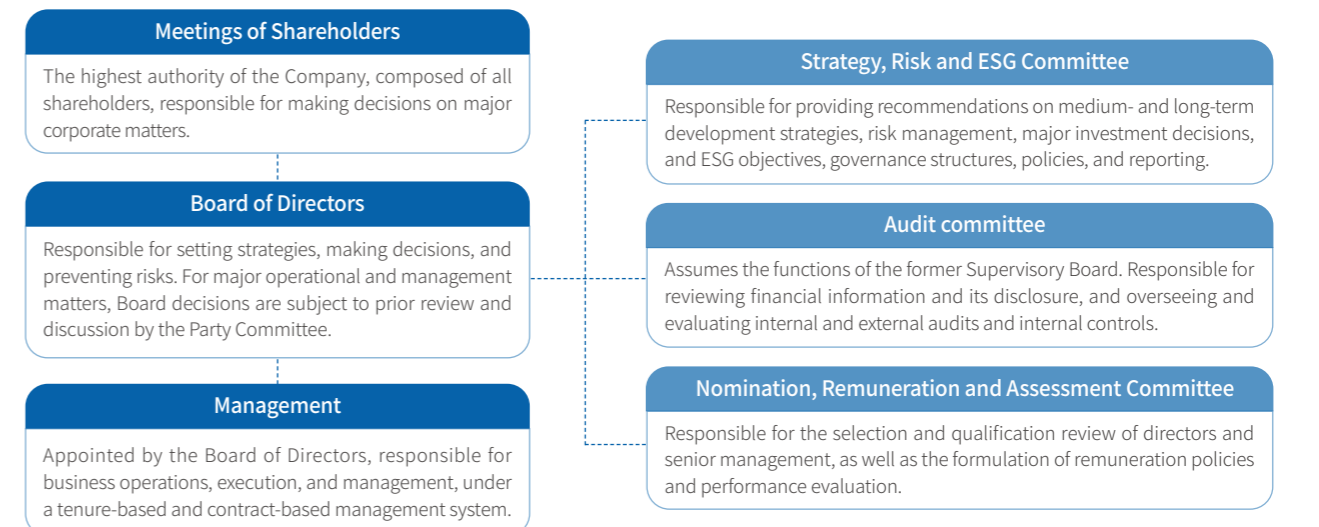
The Company's Party Committee organized a 2025 demonstration training program for young cadres, Party branch secretaries, and Party affairs personnel

## Enhancing Governance and Standardizing Operations

The Company strictly implemented the revised Company Law of the People's Republic of China and new capital market regulatory requirements, continuously optimizing its corporate governance structure. The Company revised and improved core governance policies, including the Articles of Association, Rules of Procedure for Shareholders' Meetings, and Rules of Procedure for the Board of Directors. It formally abolished the Supervisory Board, with its statutory functions assumed by the Audit Committee of the Board, further clarifying the responsibilities and authority boundaries of the Shareholders' Meeting, Board of Directors, management, and specialized committees, and continuously improving a governance mechanism characterized by clearly defined and transparent responsibilities, coordinated operations, and effective checks and balances.

### Improving the Governance System

The Company has established a three-tier governance structure of "Shareholders' Meeting-Board of Directors-Management", and set up three specialized committees, namely the Strategy, Risk and ESG Committee, the Audit Committee, and the Nomination, Remuneration and Appraisal Committee, forming a corporate governance mechanism with clearly defined and transparent responsibilities, coordinated operations, and effective checks and balances.



### Key Governance Initiatives

#### Enhancing the Performance Capabilities of Directors, Supervisors and Senior Management

- The Company organized directors, supervisors, and senior management to participate in specialized training programs such as the "2025 Session 1 Follow-up Training for Independent Directors of Listed Companies", "Independent Director Capacity-building Training", and "Analysis of the Regulatory Environment, Public Opinion, and Value Management under the New 'Nine Guidelines'", enhancing their compliance performance and scientific decision-making capabilities.

#### Standardizing the Operation of Shareholders' Meetings

- The Company strictly convenes and holds shareholders' meetings in accordance with regulations, adopts a combination of on-site and online voting, and implements the "one-click access" system for shareholders' meetings to increase shareholder participation.
- Meeting time and venue are arranged with full consideration of shareholder convenience, with a director attendance rate of 91.23%.
- Each shareholders' meeting resolution discloses in detail the attendance and participation of directors, supervisors, and senior management, safeguarding shareholders' rights to information and participation.

**In 2025**

the Company held:

- 17** Board meetings
- 3** meetings of independent directors
- 15** Board committee meetings
- 5** shareholders' meetings
- 12** Board members
- 4** independent directors
- 2** female directors



2025 Best Practice of Board Office of Listed Companies



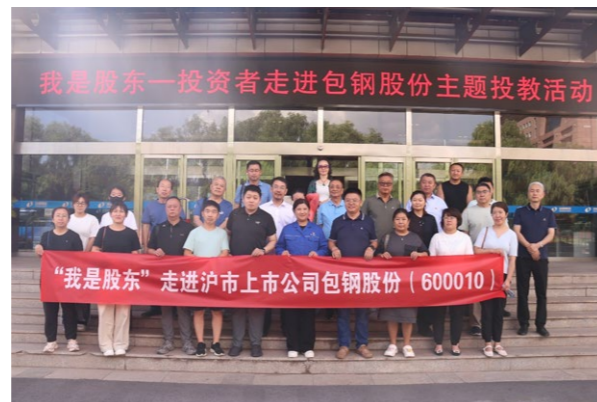
Outstanding Practice Case of Board of Directors of Listed Companies

## Investor relations management

The Company has established and improved its investor relations management system, formulated the Investor Relations Management Policy, and revised the Rules of Procedure for Shareholders' Meetings, clearly defining responsible parties, workflows, and channels for shareholder feedback, thereby providing institutional safeguards for equal treatment of all investors and the protection of minority shareholders' legitimate rights and interests. The Company has also built high-frequency, multi-level interaction mechanisms through diversified channels, continuously enhancing its capital market image and value recognition through efficient information disclosure and two-way communication.



China Association for Public Companies "Visit Listed Companies - Baotou Tour" Event: Visit to the Company



"I Am a Shareholder" Investor Education Event: Visit to the Company

### Communication Channels

On-site Investor Engagement

Offline Roadshows

Results briefings

Investor Open Day

Industry Conference Engagement

Online Platform Engagement

Compliant Information Disclosure

### Key Measures and Outcomes

- The Company hosted 15 on-site visits by investment managers and analysts from institutions such as CITIC Securities, Huatai Securities, and Taiping Insurance, presenting key highlights of its development.
- The Company's management led delegations to conduct 5 offline roadshows in Beijing and Shanghai and 13 online roadshows, presenting operational performance and product advantages to institutional investors such as securities firms and fund companies.
- The Company held 3 earnings briefings, building an efficient communication bridge with investors and conveying its long-term value.
- The Company organized 4 investor engagement events to present its key strengths and communicate on enhancing capital market image and market value management.
- The Company participated in 3 strategy conferences hosted by securities firms and organized dedicated investor sessions to provide in-depth insights into its resource advantages and operational highlights.
- The Company responded to over 190 investor inquiries on the SSE e-Interaction platform and handled more than 220 investor hotline calls, effectively communicating its intrinsic value.
- The Company published highlight news on the Eastmoney information platform to maintain its capital market image.
- The Company disclosed a total of 143 compliance information items through Shanghai Securities News, Securities Times, Securities Daily, and the Shanghai Stock Exchange website, ensuring information is true, accurate, complete, timely, and fair.

## Deepening State-owned Enterprise Reform

The Company closely aligned with the objectives of the concluding year of the SOE reform deepening initiative, fully implementing reform measures and completing all key tasks. Through dedicated initiatives to improve operational quality and efficiency, the Company systematically implemented enhancement measures, continuously improving operational efficiency.

In 2025, the Company further deepened market-oriented operating mechanisms, fully implemented differentiated performance evaluations and incremental incentives under the "one enterprise, one policy" approach, and achieved full coverage of tenure-based and contract-based management for the management team, effectively stimulating operational vitality. The Company implemented refined full-process management, actively captured policy incentives to secure special funding support, and steadily advanced capital structure adjustments and business model innovation for its subsidiaries and investee companies, further optimizing asset structure, enhancing market adaptability, and injecting strong momentum into sustainable development.

# Strengthening Compliance and Risk Prevention

The Company improved its integrity and compliance management system, carried out anti-commercial bribery, anti-corruption, and anti-unfair competition initiatives, strengthened internal audit oversight, and established a major risk early warning mechanism, enabling precise risk identification, dynamic monitoring, and effective response, thereby effectively preventing various operational and management risks and ensuring compliant and stable operations.

## Integrity and Compliant Operations

The Company has established a dual system for risk management and compliance management, clarifying responsibilities and processes, enhancing compliance guidelines in key areas, strengthening legal management, and fostering a culture of compliance, embedding integrity and compliance across all aspects of operations.

### Governance

The Company has established a Compliance Management Committee and built a compliance framework spanning decision-making, management, and execution levels, integrating compliance requirements throughout decision-making, management, execution, and supervision processes. The Party Secretary, Chairman, and General Manager serve as the primary responsible persons for advancing rule-of-law governance, ensuring top-down implementation of compliance management; the Chief Compliance Officer, as the core compliance leader, reports directly to the Company's principal executive and oversees the development and operation of the compliance system; compliance officers are designated across all departments, units, and wholly owned and controlled subsidiaries to manage and review compliance within their respective areas.



### Strategy

The Company has integrated integrity and compliance into its core strategy, establishing a compliance approach of "full coverage, focused control, and cultural leadership," and is committed to building a long-term mechanism where violations are deterred, prevented, and consciously avoided. In 2025, the Company issued the Compliance Management Policy and Compliance Management System Objectives, revised the Compliance Management Measures, and compiled the Compliance Management Handbook; it also released specialized compliance guidelines across 12 key areas, including workplace safety, environmental protection, product quality, labor practices, and intellectual property, forming a structured compliance framework of "general principles + detailed rules + guidelines."

## Impact, risk, and opportunity management

### Deepening Compliance Management

The Company continued to deepen compliance management by optimizing its quarterly meeting mechanism and launching the "Compliance Officers Speak on Compliance" initiative, with frontline compliance officers serving as speakers to promote cross-unit learning; it organized specialized training on compliance system development and operation, along with certification programs, to enhance employee awareness; completed compliance effectiveness evaluations for controlled subsidiaries, extending compliance management across all levels; and implemented compliance culture promotion programs, including a Compliance Awareness Week, to foster a strong culture of compliance.



2025 Comprehensive Summary of Compliance Management Work and the Regular Meeting on Compliance Management for the Fourth Quarter of Baogang Steel

### Upgrading Legal Management

Contract Standardization	Litigation Risk Management	Legal Outreach to Frontline Units
The Company fully implemented standardized contract templates, releasing a second batch of 32 templates that include clauses on tax rates, integrity, and payment protection for SMEs, improving contract review and execution efficiency.	The Company strengthened standardized management of litigation cases, conducted targeted analysis of high-frequency and high-risk areas such as construction projects and labor disputes, and proposed and implemented improvement measures.	In response to training needs and daily legal inquiries from various units, the Company conducted one-on-one, on-site training sessions, completing programs at three frontline units in 2025 and effectively improving legal literacy and practical capabilities.

### Indicators and targets

In 2025, the Company fully achieved its integrity and compliance objectives, achieved full coverage of specialized compliance guidelines across 12 key areas, and recorded no major litigation, arbitration, or other risk events. In 2026, the Company will continue to strengthen its compliance management system, extend compliance requirements across all levels of the organization, and maintain a 100% compliance review rate for major matters throughout the year.

## Anti-bribery and anti-corruption

The Company treats anti-commercial bribery and anti-corruption as core elements of corporate governance, building an end-to-end management approach encompassing strategic leadership, risk control, education, whistleblower protection, partner collaboration, and zero tolerance, to establish a long-term mechanism that deters, prevents, and eliminates corruption, supporting high-quality development.

### Governance

The Company's Discipline Inspection Commission serves as the dedicated body for anti-corruption efforts. In 2025, the Company's Discipline Inspection Commission implemented supervision system reforms, adding 5 discipline inspectors, establishing third-level discipline inspection bodies in 15 units, and assigning 3 full-time discipline inspectors across 3 units. The Company has established 18 discipline inspection bodies with 60 full-time inspectors, covering finance, audit, engineering, contracts, legal affairs, and Party-building, effectively strengthening frontline oversight capabilities.

The Company strictly complies *The Constitution of the People's Republic of China*, *The Oversight Law of the People's Republic of China*, *The Regulations of the Communist Party of China on Disciplinary Action*, etc. and has advanced the implementation of the Integrity Risk Prevention and Control Plan, establishing an anti-corruption system covering three dimensions: integrity in conduct, employee behavior, and corporate safeguards.

### Strategy

The Company uses the Integrity Risk Prevention and Control Plan of Baogang Group as a core tool, dynamically updating risk registers and control measures to achieve closed-loop risk management. In 2025, the Company supervised and guided all units to identify 1,307 integrity risks, optimize 245 workflows, revise and improve 292 policies, and resolve 174 issues.

Risk Categories	Risk description
Ideological and Ethical Risks	<ul style="list-style-type: none"> <li>Some personnel lack a deep understanding of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, resulting in weak conviction; a diminished sense of purpose, with manifestations of formalism and bureaucracy; insufficient awareness of integrity and self-discipline; and gaps in family conduct and values.</li> </ul>
Key Area Risks	<ul style="list-style-type: none"> <li>In areas such as strategic management, procurement and sales, and engineering construction, the complexity and specialization of operations still lead to issues such as non-standard internal management, insufficient identification of integrity risks, and inadequate control measures.</li> </ul>
External Environment Risks	<ul style="list-style-type: none"> <li>Influenced by industry "implicit practices" and external factors, Company personnel face risks of misconduct and commercial bribery in business activities, with ongoing external pressure on integrity compliance.</li> </ul>
Institutional and Mechanism Risks	<ul style="list-style-type: none"> <li>Certain regulations governing the exercise of authority remain incomplete, with insufficient checks and supervision mechanisms in key processes, leading to institutional gaps.</li> </ul>
Role-related Risks	<ul style="list-style-type: none"> <li>Personnel in leadership and critical roles, due to the nature of their positions, may be susceptible to influence from related parties, posing risks of non-compliance, inaction, or abuse of power for personal gain.</li> </ul>
Business Process Risks	<ul style="list-style-type: none"> <li>Certain business processes remain non-standardized, with incomplete control and supervision loops and gaps in process coordination, creating risks of abuse of authority for personal gain.</li> </ul>

## Impact, risk, and opportunity management

### Discipline Inspection and Rectification

The Company adheres to coordinated discipline inspection and inspection mechanisms, strengthens oversight of rectification actions following Party committee inspections, conducts pre-review of rectification plans, tracks implementation progress, and issues reminders to accountable units and individuals with inadequate corrective actions. In 2025, the Company advanced multiple rounds of rectification for inspection findings, forming a closed-loop supervision mechanism of "using inspections to drive rectification, improvement, and governance."

### Fostering an Anti-corruption Culture

The Company further strengthened the integrated approach of positive integrity education and negative case-based warnings. In 2025, the Company supported the Party committee in organizing a warning education conference on implementing the spirit of the Eight-point Regulation, sharing typical cases and conducting integrity talks, as well as organizing visits to the integrity education exhibition hall and other training activities. At the same time, the Company enhanced communication through platforms such as Baogang Daily and the Discipline Inspection Commission's official WeChat account, fostering an environment where corruption is deterred, prevented, and consciously avoided.



Party Committee Conference on Implementing the Spirit of the Eight-point Regulation and Mid-year Work Conference on Party Conduct and Anti-corruption



Discipline Inspection Commission Work Advancement Meeting and On-site Exchange on Integrity Risk Prevention

### Whistleblower Protection Mechanism

The Company has established a four-channel reporting system covering letters, visits, online platforms, and telephone, with reporting mailboxes installed across facilities and public disclosure of reporting hotlines and mailing addresses. The Company strictly implements the Measures for Handling Petitions and Reports, clearly defining procedures for acceptance, verification, feedback, and whistleblower protection, prohibiting retaliation, and safeguarding stakeholders' lawful rights to supervision.

### Integrity Governance in the Supply Chain

The Company, through the Implementation Measures for the Integrity Agreement, embeds anti-bribery requirements across the entire process of supplier onboarding, contract execution, and performance evaluation, and requires business partners to sign integrity agreements, with clear mechanisms such as termination of cooperation and inclusion on restricted transaction lists for violations, promoting joint integrity governance across the supply chain.


### Indicators and targets

In 2025, the Company achieved full coverage of anti-corruption training for Party members and employees, with no major incidents of commercial bribery, corruption, or related violations recorded throughout the year. In 2026, the Company will achieve full coverage of anti-corruption training for Party members and employees and establish a normalized, long-term mechanism for anti-bribery and anti-corruption efforts.

## Anti-unfair competition

The Company strictly complies with the Anti-Unfair Competition Law and the Anti-Monopoly Law of the People's Republic of China, and, with the Anti-Unfair Competition Compliance Guidelines as its core framework, has established a compliance review mechanism for major decisions to effectively prevent unfair competition and antitrust risks. In 2025, the Company recorded no litigation, major administrative penalties, or contract terminations arising from unfair competition practices.

### Management Measures

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  - The Company conducted anti-unfair competition compliance reviews for major decisions, reviewing a total of 244 proposals in 2025, covering capital increases, strategic cooperation, and major project development.
  - The Company carried out risk assessments for joint venture and cooperation projects, reviewed strategic and cooperation agreements, and strictly prevented unfair competition and monopolistic practices, including false advertising, defamation of business reputation, concentration of undertakings, and abuse of market dominance.

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  - At quarterly meetings, the Company analyzed compliance cases related to bidding and market competition.
  - The Company organized "Chief Compliance Officer on Compliance" sessions, sharing case studies of compliance failures and providing training to unit heads and compliance officers.

## Comprehensive Risk Management


The Company has established a four-tier risk management structure of "Board of Directors – Management – Functional Departments – Business Units": the Board and its committees are responsible for risk decision-making and oversight, the General Manager leads overall risk management, the Legal Affairs Department serves as the central coordinating unit, and each department and business unit acts as the primary owner of risk management within its scope.

Guided by the Comprehensive Risk Management Measures, the Company implements full-cycle risk management covering identification, assessment, response, and monitoring, applies tiered oversight of major and critical operational risks, and has established a reporting mechanism to ensure timely escalation and response to risk events.


### Management Measures

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  - The Company has enhanced its compliance risk database, organized departments and units to develop risk inventories for key areas, and clarified compliance responsibilities and process control lists for critical roles.
  - The Company conducted reviews of risk assessment reports for investment projects, providing a basis for risk-informed investment decision-making.

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  - The Company established a major risk early warning mechanism, issuing 9 risk alert reports on compliance risk events and notifying relevant units to drive corrective actions.
  - The Company issued advisory notices on export-controlled dual-use items in subsidiaries' international operations to mitigate foreign trade compliance risks.

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  - In 2025, the Company completed 122 audit projects, including sub-items, covering economic performance evaluation, compliance in key areas, non-plan products, operational management, post-investment evaluation, post-construction project evaluation, and final account audits, achieving full audit coverage.

SDGs Targets



02



# Green Transformation for a Low-carbon Future

Integrating green principles to build a low-carbon future. The Company upholds its signature model of "half industrial, half ecological," embedding ecological stewardship throughout all operations. Aligning with China's dual carbon strategy, the Company focuses on climate response, energy efficiency, precise emissions control, and full-process environmental protection, advancing coordinated efforts in energy saving, carbon reduction, pollution control, and ecological enhancement, driving a high-standard green and low-carbon transformation to build a modern, clean, and environmentally responsible steel enterprise and contribute to a greener industrial future for a "Beautiful China."

# Climate Action and Low-carbon Transition

To standardize carbon management, enhance carbon governance, and meet carbon market compliance requirements, the Company strictly follows the Work Plan for Accelerating the Establishment of a Dual-Control System for Carbon Emissions, the Implementation Plan for Establishing a Carbon Footprint Management System, and the Detailed Rules for Carbon Management of Baogang (Group) Company, the "2025 Low-Carbon Energy Work Plan," and other relevant documents. This ensures that every decision and action taken by the company aligns with the requirements of sustainable development, supports the transition to a green and low-carbon economy, and contributes to achieving the goals of carbon peaking and carbon neutrality.

## Governance

The Board of Directors serves as the highest decision-making body for climate-related matters, reviewing the Company's climate strategy, medium- and long-term emission reduction targets, and carbon neutrality roadmap, and assuming primary responsibility for climate governance; the General Manager leads a cross-functional climate working group as the executive body, implementing Board decisions, developing annual climate action plans, coordinating resources, resolving key implementation issues, and reporting regularly; the Low-carbon Energy Center is designated as the responsible department, managing climate risk assessment, data collection and accounting, and establishing a climate data management system to ensure the accuracy, completeness, and reliability of emissions and related data.

## Strategy

The Company conducts weekly production coordination meetings, energy benchmarking sessions, and quarterly low-carbon energy meetings to review annual greenhouse gas emissions reports and sustainability reports, hear climate-related research updates, and assess climate risks and opportunities; it also integrates climate-related emissions targets into its "14th Five-Year Plan", annual rolling strategic plans, "three transformations" initiatives, and annual low-carbon energy plans to proactively respond to the expansion of the national carbon market and the implementation of the EU Carbon Border Adjustment Mechanism.

Category	Reporting period	Response Measures
Short Term	1-2 years	<ul style="list-style-type: none"> <li>By developing annual low-carbon energy plans aligned with the Company's short-term strategic scope and energy cost planning;</li> <li>By establishing monthly low-carbon energy plans aligned with annual strategic and energy cost plans, while incorporating the impact of maintenance and overhaul schedules for key energy-consuming equipment.</li> </ul>
Medium Term	3-5 years	<ul style="list-style-type: none"> <li>By formulating a low-carbon energy development plan for the steel industry during the "15th Five-Year Plan" period, analyzing current conditions and challenges, assessing the development environment, and defining strategies, objectives, and key initiatives;</li> <li>By aligning with the Company's long-term strategy and energy cost planning.</li> </ul>
Long Term	5-10 years and beyond	<ul style="list-style-type: none"> <li>By aligning with the Group's carbon peaking and carbon neutrality roadmap and defining a "dual carbon" strategy focused on controlling total emissions and reducing intensity.</li> </ul>

Risk Category	Risk Parameters	Potential Impact	Response Measures
Physical risks	Acute Risks	Increasing severity and frequency of extreme weather events (such as heavy rain and snowstorms)	In recent years, the increasing occurrence of extreme weather events globally may lead to temporary disruptions in raw material and water supply, thereby affecting production stability.
Transition Risks	Policies and Regulations	Expansion of carbon markets and rising carbon pricing and costs	With increasingly stringent energy-saving, emissions reduction, and environmental regulations, the implementation of the Interim Measures for Carbon Emissions Trading has heightened compliance risks for enterprises; the expansion of the national carbon market designates 2024 as the first compliance year, requiring the Company to participate in carbon trading, leading to increased compliance costs and exposure to carbon price volatility, thereby raising operating costs and impacting strategic development.
		Carbon Tariff	The European Commission has introduced the world's first Carbon Border Adjustment Mechanism, imposing tariffs on carbon-intensive imports such as steel and cement, which may restrict the Company's exports, increase export costs, and impact revenue.
		Shift in "Dual Control" Policy with Stronger Carbon Constraints	The transition from energy consumption dual control to carbon emissions dual control is a key national measure to address climate change and drive green economic transformation; under this policy framework, primary energy consumption will be further restricted, accelerating the shift toward renewable and low-carbon energy, while requiring the Company to invest in technology development, technology adoption, and facility upgrades, resulting in increased capital and operating costs and impacting revenue.
			<ul style="list-style-type: none"> <li>Hold meetings on flood prevention and cold-weather heating work, establish working groups, and distribute emergency plans.</li> <li>The Company strengthens extreme weather monitoring, early warning, and emergency response capabilities to enhance climate resilience across its facilities, supply chain, and assets.</li> </ul>
			<ul style="list-style-type: none"> <li>The Company has established a Low-carbon Energy Center with dedicated technical personnel to interpret policies, actively participate in industry and regulatory training, stay informed on carbon market and CBAM rules, and conduct internal policy and regulatory training programs.</li> <li>The Company strengthens carbon emissions accounting to ensure data accuracy and reliability.</li> <li>The Company has developed a carbon peaking and carbon neutrality action plan, defining specific targets and key tasks for each phase.</li> <li>The Company continues to enhance its full-process carbon data MRV (Monitoring, Reporting, and Verification) system to support carbon market compliance and internal management.</li> </ul>

Risk Category	Risk Parameters	Potential Impact	Response Measures
Transition Risks	Technology and Cost	Low-carbon Technology Transition	<p>To align with national "dual carbon" goals and achieve its own targets, the Company will need to invest significant resources in the development and application of low-carbon metallurgical technologies, which remain at an early stage and carry considerable uncertainty.</p> <ul style="list-style-type: none"> <li>The Company conducts research on low-carbon metallurgy and advances technologies such as waste heat and energy recovery, replacement of high-energy-consuming equipment, process upgrades, intelligent scheduling, and integrated water conservation.</li> <li>Focusing on energy efficiency improvement, fuel mix optimization, CCUS, and green products, the Company is developing a deep decarbonization pathway for the steel industry.</li> </ul>
		Transition Costs	<p>During the low-carbon transition, increased investment in energy-saving, environmental protection, and low-carbon smelting technologies may lead to higher costs and potential impairment of existing fixed assets.</p> <ul style="list-style-type: none"> <li>The Company optimizes resource allocation to reduce long-term operating costs.</li> <li>The Company actively seeks policy support.</li> <li>The Company promotes technological innovation to reduce the cost of low-carbon technologies.</li> </ul>
	Market	Growing Demand for Green and Low-carbon Products	<p>Driven by the global trend toward green and low-carbon development, demand for low-carbon steel products is expected to continue rising, intensifying industry competition; a slower transition may result in loss of market share.</p> <ul style="list-style-type: none"> <li>The Company advances research on low-emission steel and promotes EPD certification.</li> </ul>
		Rising Raw Material and Fuel Costs	<p>Energy and resource prices are likely to increase due to climate-related impacts, driving up procurement costs for raw materials and fuels and increasing cost risks.</p> <ul style="list-style-type: none"> <li>The Company optimizes procurement strategies to reduce reliance on single sources.</li> <li>The Company invests in R&amp;D and process improvements to enhance raw material utilization efficiency.</li> </ul>
	Reputation	Stakeholder Expectations on Climate Action	<p>Investors, stakeholders, and the public are placing increasing focus on the Company's climate actions, which may become a key performance indicator and pose reputational risks, requiring additional investment in carbon management to meet expectations.</p> <ul style="list-style-type: none"> <li>The Company proactively addresses stakeholder concerns and enhances transparency.</li> <li>The Company engages in public awareness initiatives to build broader recognition.</li> </ul>

**Opportunity**

- Regulatory efforts to address excessive competition in the steel industry through measures such as energy consumption and carbon emissions controls will support a more balanced supply-demand dynamic.
- As the economy and society accelerate the transition to green and low-carbon development, demand for "low-emission steel" and "green steel" is rapidly increasing across multiple steel-consuming sectors.

The Company is developing a systematic climate transition pathway, aligning carbon peaking and carbon neutrality targets with its medium- and long-term strategies, while advancing energy structure optimization, technological upgrades, and carbon management capability building. Against the backdrop of deepening national "dual carbon" policies, improving carbon market mechanisms, and continuous advances in green technologies, the Company is strengthening organizational support, optimizing resource allocation, and enhancing digital capabilities to drive orderly implementation of transition initiatives and achieve phased progress.

## Impact, risk, and opportunity management

### Strengthening Carbon Emissions Management

To enhance carbon management, the Company has established a carbon data quality control system, defining accounting boundaries at both enterprise and process levels; it conducts monthly accounting and record-keeping, prepares annual reports, supports government verification, and fulfills compliance obligations; in accordance with regulatory requirements of the Ministry of Ecology and Environment's "Notice on Carrying Out Relevant Work for the National Carbon Emission Trading Market in 2025," it has consolidated carbon emission entities into a unified key emission entity for centralized management; and it regularly reviews carbon management system implementation and certification progress, assigning corrective actions for identified issues.

**In 2025** the Company completed its 2024 carbon quota compliance obligations on schedule, with no cases requiring regulatory rectification or investigation.



Carbon Management System Construction and Certification Launch Meeting



On-site Investigation for Carbon Management System Construction

### Advancing Steel Product Certification

The Company completed EPD recertification for cold-rolled steel sheets and strips produced by the rare earth steel cold rolling mill and hot-rolled reinforcing bars (ribbed and plain) from the long products mill; it also obtained CFP certification for H-beams, hot-dip galvanized coils, and non-oriented electrical steel. As of the end of 2025, the Company had published 7 EPD and 4 CFP reports, covering core products such as plates, pipes, rails, and wire, expanding its green product portfolio and strengthening the foundation for increasing market share.

## Developing Carbon Management Talent

The Company delivers systematic training on carbon knowledge, carbon quota management, and practical implementation, strengthening policy communication and capability building to integrate carbon management across operations; in collaboration with authoritative institutions such as China Classification Society, it provides precise interpretation of domestic carbon regulations, industry standards, and accounting requirements, enhancing employees' capabilities in carbon asset management, emissions accounting, and compliance to support high-quality, low-carbon development.



Carbon Knowledge Training



Study on Latest Carbon-Related Laws, Regulations and Policies

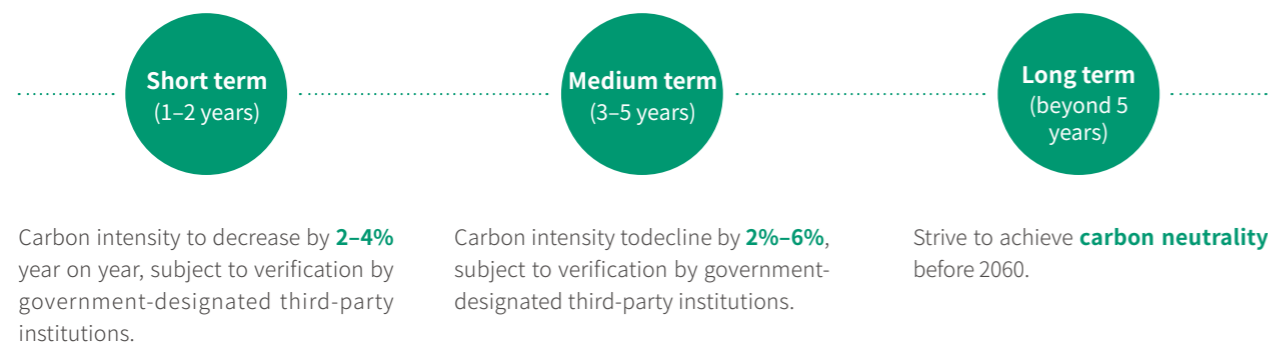
## Indicators and targets

### Indicator

The Company conducts emissions accounting in strict accordance with the Guidelines for Enterprise Greenhouse Gas Emissions Accounting and Reporting, including defined accounting boundaries, emission sources, data acquisition principles, and default parameter values. The covered greenhouse gas category is carbon dioxide, and the calculation scope only includes Scope 1 and Scope 2, while Scope 3 is not included in the statistical accounting. In 2025, carbon dioxide emissions per ton of steel decreased by more than 2% year-on-year.



### Targets



## Resource Circularity with Efficiency at the Core

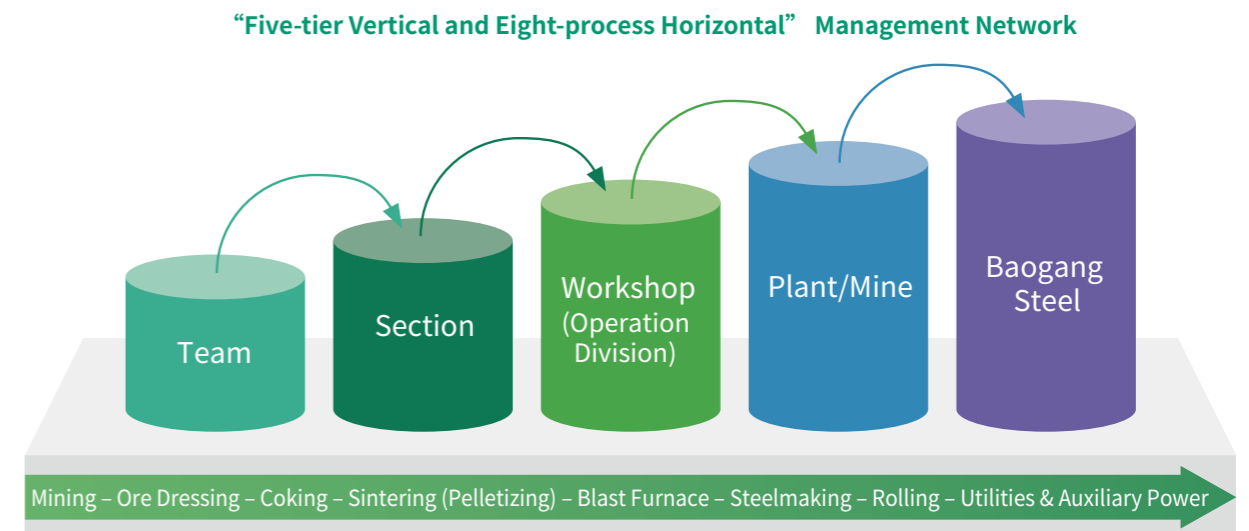
The Company is comprehensively building itself into a resource-conserving and environmentally friendly steel enterprise. Through ultimate energy efficiency and intelligent upgrading, it enhances energy utilization efficiency and the share of clean energy use, strengthens water recycling and reuse, and remains firmly committed to a green and low-carbon development path featuring ecological priority and conservation- and intensive-use orientation.

### Energy utilization

The Company strictly complies with the Energy Law of the People's Republic of China, the Limits of Energy Consumption per Unit Product for Major Processes of Crude Steel Production, and other applicable legal requirements. It has formulated energy management and assessment systems such as the Measures for Energy Management Assessment of Baogang Steel and the 2025 Low-carbon Energy Work Plan of Baogang Steel, established a full-process carbon metering and traceability system, and participated in the assessment and acceptance of the Best-Practice Energy Efficiency Benchmark Demonstration Enterprise for Carbon Peaking and Carbon Neutrality. It has achieved full compliance with regulatory requirements for the installation coverage and accuracy of Class I, Class II and Class III energy measuring instruments. As of the end of 2025, Baogang Steel and all its subsidiaries had established an energy management system compliant with the national standard GB/T 23331 and had obtained third-party certification of the energy management system.

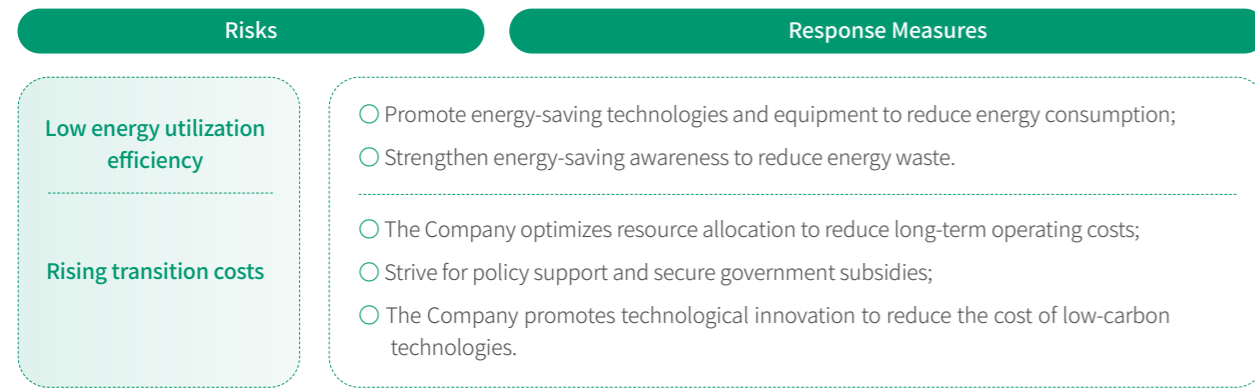
### Governance

In line with the principle of "clear accountability, full horizontal coverage, end-to-end vertical management, and systematic control", The Company has established a five-tier vertical management structure covering teams, sections, workshops (operation divisions), plants/mines, and Baogang Steel at the corporate level. Horizontally, it spans eight processes: mining, ore dressing, coking, sintering (pelletizing), blast furnace ironmaking, steelmaking, rolling, and utilities & auxiliary power, thereby forming a five-tier vertical and eight-process horizontal management matrix for energy management.



Clear accountability, full horizontal coverage, end-to-end vertical management, and systematic control

## Strategy



## Impact, Risk and Opportunity Management

Closely aligned with China's dual-carbon goals and the autonomous region's requirements for green, low-carbon and high-quality development, The Company has advanced energy mix adjustment and energy efficiency improvement in a coordinated manner, promoted a new green development pattern featuring more efficient resource utilization and lower-carbon energy consumption, and systematically strengthened its green competitiveness.

## Improving Utilization Efficiency

Guided by ultimate energy efficiency, The Company has strengthened specialized energy management and enhanced its cost reduction capability through low-carbon energy. It has formulated the Acceptance Work Plan for Baogang Steel's Best-Practice Energy Efficiency Benchmark Demonstration Plant for the Dual-carbon Goals to consolidate the foundation for refined energy-efficiency operations. Taking the metering system as the core lever, it has established a full-process energy metering and control mechanism and advanced the smart upgrading of energy metering equipment. It has also steadily promoted energy saving and carbon reduction in key processes, strengthened precise gas dispatching, waste heat recovery management, specialized electricity-use management, and specialized oxygen management, restructured energy utilization processes, and unlocked energy-efficiency potential through targeted retrofits. In 2025, the Company's comprehensive energy consumption per tonne of steel was 623.72 tonnes of standard coal equivalent per tonne of crude steel, down 0.86% year on year. Self-generated electricity reached 6.853 billion kWh, an increase of 306 million kWh year on year, correspondingly reducing purchased electricity cost by RMB 135 million.

**The Rare-earth Steel Plate Company of Baogang Steel successfully passed the ultimate energy-efficiency acceptance by the China Iron and Steel Association for its full-process operations, Coke Ovens No. 5-10, and Blast Furnaces No. 4 and No. 6. The proportions of blast furnace, converter, and coke oven capacity reaching benchmark level were 70%, 32%, and 100%, respectively, exceeding the target of having 30% of capacity reach advanced levels during the 14th Five-Year Plan period.**



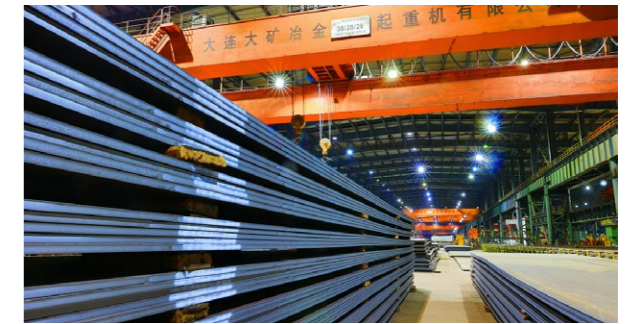

Diameter expansion retrofit of the blast-furnace gas interconnection pipeline at the Utilities and Power Supply General Plant realized near-zero venting of blast-furnace gas and coke-oven gas.

## Use clean energy

The Company has actively deployed clean energy through projects such as photovoltaic power generation and solar street lighting, promoting the integration of clean energy throughout the production process. It has successfully developed product series including steel for hydropower and steel for wind power, providing solid material support for energy structure transformation and the dual-carbon goals through the superior performance of green products. It has also actively participated in the green electricity trading market, continuously increasing the share of purchased electricity obtained through green power trading and effectively reducing total carbon emissions. As of the end of 2025, the Company had rooftop photovoltaic power generation projects with a total installed capacity of 41.45 MW and annual power generation of 42.61 million kWh, with the share of clean energy use reaching 0.51%. Its total green electricity trading volume reached 558 million kWh, and the proportion of green electricity trading reached 15.17%.



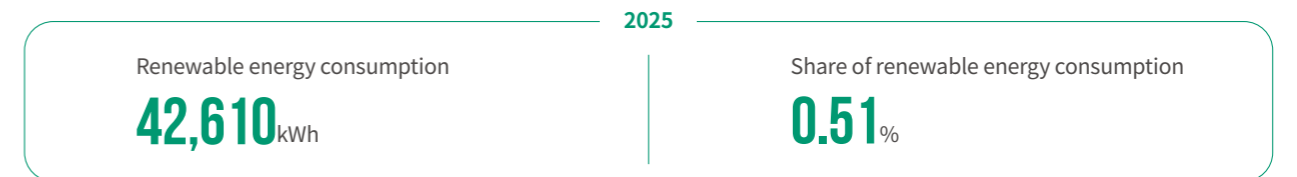
Photovoltaic power generation project at the Rare-earth Steel Cold-rolled Sheet Plant




The Company's steel for wind power products supporting the "Xinjiang Power Transmission to Chongqing" new energy strategy

## Indicators and targets

### Indicators



### Targets



In accordance with the 15th Five-Year Plan, the Company will advance energy projects and the development of Baogang Steel's digital platform for energy and carbon management and control, striving to reduce comprehensive energy consumption per tonne of steel by 5% by the end of the 15th Five-Year Plan period as compared with the end of the 14th Five-Year Plan period.

It will continue to carry out projects such as the high-efficiency spherical steam heat accumulator technology for the steel plant, steam balancing and regulation technology in steelmaking, and blower efficiency enhancement retrofit at the ironmaking plant, so as to further improve energy utilization efficiency.

## Utilization of water resources

Throughout the entire process of production and operational water use, The Company consistently adheres to the principles of conservation first and balance between water abstraction and supply. It continues to improve its water resources management system, carry out water-saving technical retrofits, strengthen water-saving awareness among all employees, and enhance the intensive and efficient use of water resources.

## Governance

The Company has established a Water Resources Management Committee. The Secretary of the Party Committee and Chairman serves as Director; Company executives in charge serve as Deputy Directors; and the manager of the Low-carbon Energy Center, together with leaders in charge from relevant functional departments and units, serve as members. The office is set up within the Low-carbon Energy Center, with a deputy manager serving as Director of the Office and a senior executive of the Low-carbon Energy Center serving as Deputy Director of the Office. In 2025, The Company was awarded the title of "2025 Water-saving Enterprise of Baotou City".

## Strategy

### Risks

For entities whose water abstraction reaches the prescribed threshold but that have not installed online metering facilities, or whose online metering facilities are unqualified or not operating properly,

For water-use entities whose unit water consumption of products exceeds the mandatory water-use quota and that have not implemented water-saving technical retrofits within the prescribed timeframe,

### Response Measures

- instrument inspections shall be carried out for existing projects as well as new, renovated and expanded projects to ensure compliance with the equipping and management requirements of GB/T 24789-2022 General Rules for Equipping and Managing of the Water Measuring Instrument in Water-use Organization.
- priority shall be given to the use of unconventional water and cascading water use; monitoring of water quantity and water quality at each water-use link shall be strengthened; tiered water use and recirculating water use shall be enhanced; and water-saving retrofits of water-use facilities shall be carried out.

## Impact, risk, and opportunity management

The Company strictly follows the *Water Law of the People's Republic of China*, the Regulations on Groundwater Management, the Measures for the Administration of Water Abstraction Permits, and other relevant regulations. It has formulated the Measures for Water Resources Management of Baogang Steel to comprehensively manage compliant water use, precise metering, water conservation, and strict drainage. It has established a Water Resources Inspection Team to conduct special inspections on the implementation of the 2025 Water-saving Action Plan of Baogang Steel. It has deepened whole-chain metering management of water resources and established a metering-based settlement management mechanism. It has also carried out retrofits of outdated water treatment processes and water-saving and plume-abatement retrofit of cooling towers; implemented water recovery and reuse projects involving rainwater, seepage water, condensate, office water, and tailings pond return water; improved the water recycling treatment system; and developed unconventional water sources to expand water supply channels. In 2025, Baogang Steel used 52.2852 million m<sup>3</sup> of surface water and approximately 128,046 m<sup>3</sup> of groundwater, and discharged 1.681245 million m<sup>3</sup> of wastewater during the year. Freshwater consumption per tonne of steel reached the best level in the Company's history.



Barun Mining Branch implemented high-efficiency tailings pond return water.




The Coal Coking and Chemical Branch carried out a project for advanced treatment and reuse of phenol-cyanide wastewater.

## Indicators and targets

### Indicators



### Targets



By 2029, the Company plans to save 1.5 million m<sup>3</sup> of water, raise the water reuse rate to 98.05%, increase the concentration ratio of circulating water to 3.0-4.0, and carry out measures including the repair of inefficient cooling towers, water-saving and plume-abatement retrofit of 62 cooling towers, and remediation of direct discharge from steam traps.

## Cleaner Production and Pollution Prevention and Control

The Company continues to consolidate the foundation of its environmental management system and improve its full-process environmental control mechanism. It standardizes emissions management, strengthens control over pollutant discharge to ensure compliance, improves the system for classification, recycling and harmless disposal, and promotes the efficient circular use of resources. Through multiple measures, it reinforces the green development safeguard and supports the green transformation of the industry.

## Strengthening Environmental Management

The Company continues to improve its environmental management system, precisely identify and proactively prevent various environmental risks, comprehensively strengthen its environmental emergency preparedness capability, and carry out regular communication and implementation of environmental policies and environmental skills training, thereby safeguarding the Company's green, low-carbon, high-quality and sustainable development with robust environmental governance capabilities.

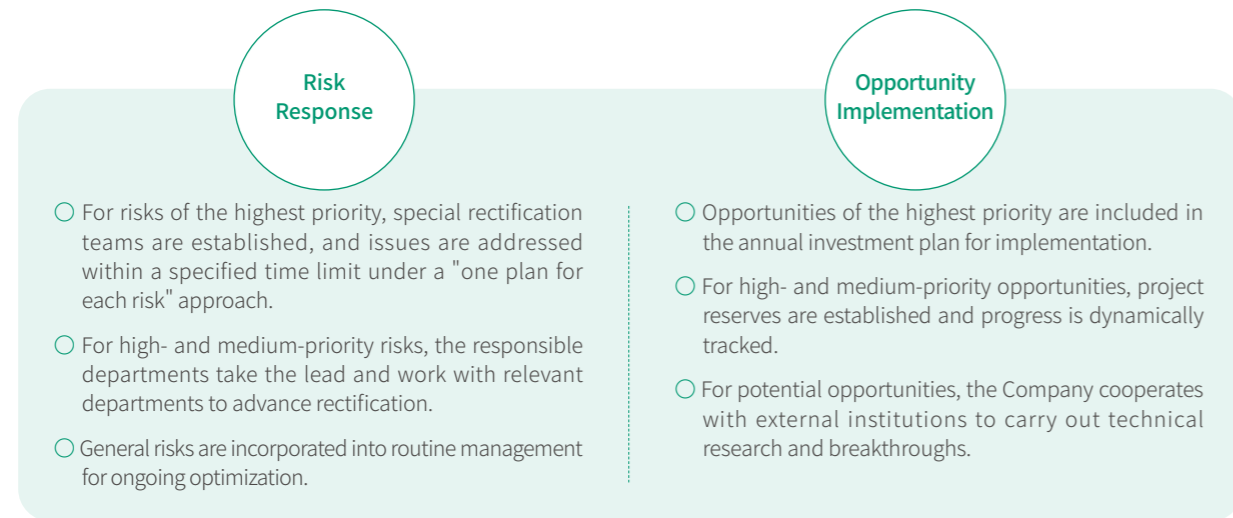
## Governance

The Company has one Assistant General Manager in charge of environmental protection, while the Manufacturing Department coordinates specialized environmental management. Within the Manufacturing Department, there is one department head, one Environmental Protection Director, one head of the Environmental Management Office module, and 17 professional technical staff members responsible for atmospheric emissions, wastewater, general industrial solid waste and hazardous waste, pollutant discharge permits, environmental emergency response, plant appearance, and related matters. In addition, 37 environmental management personnel are assigned across secondary units, forming a professional and standardized management team.



## Strategy

The Company identifies risks such as pollutant discharge, hazardous waste disposal, and noise pollution, as well as opportunities including energy saving, cost reduction, and technological innovation, by combining internal information collection with external information tracking. It then prioritizes such risks and opportunities based on compliance and formulates environmental risk prevention and control mechanisms and response measures accordingly.



## Impact, risk, and opportunity management

On the basis of compliance with the *Environmental Protection Law of the People's Republic of China*, the Company has formulated 13 internal procedure documents and special management measures, including the Procedure for Identification, Evaluation and Risk Control of Environmental Aspects and Hazard Sources, and successfully passed the surveillance / recertification audit of the environmental management system, thereby ensuring the scientific basis and effectiveness of its environmental compliance management.

## Strengthening Environmental Emergency Response

The Company's emergency response plan system for environmental emergencies is built around the core principles of "prevention first and rapid response". It identifies environmental impact factors such as waste gas, wastewater, and hazardous waste throughout the full process and assesses risk levels. It conducts regular inspections of key risk points, including gas holders, hazardous chemicals warehouses, and sewage ponds, rectifies hidden hazards, and ensures that facilities such as emergency ponds and containment bunds remain in good condition. For potential leakage, fire, or excessive discharge incidents, the Company has established a graded emergency response mechanism and implemented measures including source isolation, pollution interception (such as switching rainwater and sewage valves), and personnel evacuation. It also regularly stocks emergency supplies, organizes rescue teams, and conducts drills to ensure that pollution can be effectively controlled and escalation prevented when incidents occur.

## Implementing Environmental Monitoring

The Company has established a three-tier environmental monitoring system consisting of automatic monitoring, third-party monitoring, and government supervisory monitoring. It has formulated the Measures for Quality Management of Monitoring Data of Baogang Steel and the Annual Environmental Monitoring Plan of Baogang Steel to comprehensively ensure full coverage, traceability, and standardization of environmental control data monitoring.

Automatic monitoring	Third-party monitoring	Government supervisory monitoring
Automatic monitoring is installed at major emission outlets, with dedicated personnel and equipment assigned to conduct routine sampling, analysis, and data reporting.	The Company engages third-party institutions with CMA-accredited qualification to carry out full-factor manual monitoring of general emission outlets at the required frequency. Comparative monitoring of automatic monitoring equipment is conducted once every quarter to verify the accuracy of automatic monitoring data.	The Company cooperates with ecological environment authorities in carrying out unscheduled spot-check monitoring and online data verification, and accepts supervision and guidance from competent industry authorities.

## Fostering an Environmental Protection Culture

Taking World Environment Day (June 5) as an opportunity, the Company has carried out in-depth publicity and education activities on laws and regulations concerning ecological and environmental protection, environmental protection knowledge, advanced environmental management concepts, and exemplary environmental cases. It actively communicates the Company's ecological civilization story, fully demonstrates the achievements made in creating ultra-low emissions and a Class A environmental performance enterprise, enhances ecological civilization awareness among all employees, and builds a sound ecological civilization image for the Company.



Baiyun Ore Dressing Branch conducted a 2025 lecture on environmental protection knowledge training.

## Indicators and targets

In 2025, the Company continued to improve its environmental protection management systems, strengthened the management of pollutant discharge permits and environmental emergency incidents, enhanced publicity, training and education on ecological civilization, and refined the management of retired environmental protection equipment and facilities. Throughout the year, all pollutants were discharged in compliance with applicable standards. No environmental incidents or environmental administrative penalty cases occurred, and the Company achieved its established targets.

2025	
Environmental protection investment	35.5 RMB 100 million
Percentage of sites covered by environmental risk assessment	100%
Percentage of sites certified under the ISO 14001 environmental management system	100%
Training coverage rate for employees engaged in environmental-related work	100%

## Emissions Management

The Company strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Noise Pollution*, and other applicable laws and regulations. In accordance with policy requirements such as the Emission Standards of Air Pollutants for the Steel Industry (Steelmaking) and the Emission Standards of Air Pollutants for the Steel Industry (Rolling), the Company has steadily advanced ecological and environmental risk prevention and control, consolidated the achievements of ultra-low emissions transformation and Class A environmental performance enterprise designation, and implemented ten environmental governance projects, including the treatment of fugitive dust emission sources in the pellet production line of Guyang mine. It has strengthened the supervision of pollution control facilities, with both the data transmission rate and disclosure rate of the automatic pollution-source monitoring system reaching 100%. In 2025, emissions per tonne of steel of sulfur dioxide, nitrogen oxides, and particulate matter decreased by 3.7%, 9.52%, and 11.11% year on year, respectively. The number of days with good air quality in the region increased by 5.5% compared with the previous year, and air quality in surrounding communities continued to improve.

### Air Pollution Control

- Core processes such as sintering machines, blast furnaces, and converters are equipped with high-efficiency bag filters and desulfurization and denitrification facilities. Waste gas is treated and then discharged in compliance through exhaust stacks.
- Raw material stockyards and transportation roads adopt enclosed management plus spray dust suppression to strictly control fugitive emissions.

### Wastewater Treatment

- All production wastewater is collected into the Company's central discharge system. After purification through a "conventional treatment system plus advanced treatment system", most of the treated water is recycled, while a small amount of compliant treated effluent is discharged to the terminal receiving water project.

### Noise Control

- High-noise sources are equipped with sound barriers and silencers to reduce external noise impacts.

### Air Emissions Management Targets and Plans

In 2025, the Company ensured that total pollutant emissions did not exceed the permitted discharge limits. No incidents of resident health damage caused by the Company's emissions occurred, and no related group complaints were reported.

In 2026, the Company aims to reduce pollutant emissions such that particulate matter emissions are less than 0.38 kg per tonne of steel, sulfur dioxide emissions are less than 0.30 kg per tonne of steel, and nitrogen oxides emissions are less than 0.60 kg per tonne of steel.



Coking coal pulverizer



Baghouse dust collector

## Waste disposal

The Company continues to strengthen full-process management of waste classification, collection, storage, and recycling. It vigorously promotes the harmless and resource-based treatment of waste, effectively reduces resource waste, and minimizes the adverse environmental impacts of waste generated during production and operations, thereby achieving low-carbon and sustainable development.

## Governance

The Manufacturing Department is responsible for the unified management, allocation, and recycling of the "three wastes" (wastewater, waste gas, and solid waste) generated by departments and their subordinate production lines. This includes the management of general industrial solid waste, hazardous waste, and the resource utilization of wastewater and waste gas. At the same time, the Company is subject to unified management and assessment by the Group.

## Strategy

The Company has established an Environmental Protection Committee to oversee waste-related management activities. Each unit's Environmental Protection Committee conducts identification and evaluation of risks and opportunities within the organization every six months. The Company-level environmental risk and opportunity identification and evaluation team analyzes, reviews, and determines the Company's risk and opportunity control list. For risks included in the list, response measures are formulated based on actual conditions.

Risk Categories	Detailed Description
Compliance Risks	If waste treatment practices fail to comply with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the National Catalogue of Hazardous Wastes, and other relevant laws and regulations, the Company may face administrative penalties, production suspension for rectification, or even criminal liability.
Environmental Risks	Waste leakage or improper disposal may cause soil, water, and atmospheric pollution, leading to ecological damage and harming the health of surrounding residents.
Financial Risks	The cost of compliant disposal (such as hazardous waste transportation and professional incineration/landfill) may increase; compensation and remediation costs arising from pollution incidents may impose additional financial burdens on the Company.
Reputational Risks	Exposure of waste pollution incidents may trigger a public trust crisis, damage brand image, and lead to customer loss and reduced cooperation opportunities.
Supply Chain Risks	Penalties imposed on upstream suppliers or downstream customers due to their own waste management issues may affect the Company's raw material supply or product sales.
Types of Opportunities	Detailed Description
Policy Opportunities	Participation in government green procurement, enjoyment of environmental tax incentives (such as tax rebates for comprehensive resource utilization), and access to subsidies for ecological restoration projects.
Market Opportunities	Development of "zero-waste" production processes and launch of low-carbon and environmentally friendly products to attract ESG-focused investors and enhance market competitiveness.
Technological Opportunities	Development of waste resource utilization technologies (such as producing building materials from industrial solid waste and generating biogas from kitchen waste), creating new business growth points and even providing external technical services.
Brand Opportunities	Obtaining ISO 14001 environmental management system certification and issuing sustainability reports to build a "responsible enterprise" image and enhance investor and consumer trust.
Supply Chain Synergy Opportunities	Promoting the co-construction of a green supply chain among upstream and downstream enterprises.

## Impact, risk, and opportunity management

The Company strictly implements standardized management of solid waste and compliant disposal of hazardous waste in accordance with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the Solid Waste Pollution Prevention and Control Management Measures of Baogang (Group) Company, and the Solid Waste Pollution Prevention and Control Management Measures of Inner Mongolia Baotou Steel Union Co., Ltd., thereby promoting the achievement of the goals of reduction, resource recovery, and harmless treatment of waste.

### Solid Waste Management

- Optimize processing and treatment methods for solid waste and adjust product structures.
- Expand external sales channels for solid waste products and establish a direct sales system for slag with surrounding cement plants.
- Explore new pathways for solid waste utilization, including deep utilization projects for desulfurization gypsum.

### Hazardous Waste Management

- Formulate hazardous waste management systems and establish comprehensive hazardous waste management ledgers.
- Entrust qualified third-party institutions, sign formal disposal agreements, and strictly implement the hazardous waste transfer manifest system during transportation. Hazardous waste is transported using dedicated enclosed vehicles to ensure full-process traceability from generation to disposal.



For dust-collection ash without direct utilization value, fully enclosed collection and transportation is carried out using suction and discharge tank trucks.



Through systematic processes, desulfurization waste liquid is converted into ammonium thiocyanate products, achieving resource utilization of waste.

## Indicators and targets

In 2025, 100% compliant disposal was achieved across all stages of solid waste generation, transportation, storage, treatment, and utilization. The comprehensive utilization rate of bulk solid waste reached 97.5% (excluding tailings), achieving the established targets. In 2026, the Company will continue to achieve 100% compliant disposal across all stages, and the comprehensive utilization rate of bulk solid waste will be maintained at 97.5% (excluding tailings).

2025

Total waste generated  
**14.4213** million tonnes

Recycled amount of general waste  
**1,135.20** million tonnes

Recycled amount of hazardous waste  
**116,500** tonnes

## Ecological Restoration and Harmonious Coexistence

The Company attaches great importance to ecological and environmental protection. It deeply integrates the concept of green development into daily office operations, plant environment improvement, and green mine construction, systematically enhancing the diversity, stability, and sustainability of ecosystems, and achieving harmonious coexistence between corporate development and the ecological environment.

### Promoting Green Office Practices

In its daily office operations, The Company actively advocates a green and environmentally friendly culture by reasonably controlling air-conditioning temperatures, using energy-saving lighting and high-efficiency office equipment, promoting electronic documents, electronic signatures, online approval systems, and video conferencing, and encouraging employees to use public transportation for green commuting. These efforts help foster a sustainable culture with full employee participation.

### Building Green Factories

The Company actively leverages the foundational and guiding role of green factories in the green and low-carbon transformation of the manufacturing industry. It has formulated the 2025 Plant Environment Improvement Project Task List of Baogang Steel and carried out plant environment improvement initiatives, including greening and hardening open material yards, roads, and surrounding areas, as well as repairing and illuminating plant façades and other structures, thereby cultivating a green natural landscape within the plant area. In 2025, the green coverage rate of the Company's plant area reached 50.1%.



Greening around newly built material yards at the Ironmaking Plant

### Developing Green Mines

In accordance with the requirements of the Announcement on Adjusting the Capacity Replacement Plan for the Upgrade and Retrofit Project of Certain Converter Equipment of Baotou Iron and Steel (Group) Co., Ltd., The Company has strictly carried out shutdown and withdrawal within ecological conservation red lines. It has actively rectified environmental risks and hidden hazards identified in tailings pond inspections and conducted thorough investigations of such risks. During production and project construction, the Company places strong emphasis on biodiversity conservation, minimizes the impact of resource development on vegetation and animal habitats, and carries out ecological restoration and land reclamation and revegetation in mining areas, thereby improving the rate of mine rehabilitation and restoration.

#### Ecological Restoration of the Waste Dump at the West Mine of Baiyun Obo Iron Mine

In 2025, the West Mine of Baiyun Obo Iron Mine adopted a site-specific technical approach of "engineering measures as support and biological measures as the main approach". Engineering measures were used to stabilize the structure, while biological measures addressed the root causes. Restoration measures included slope topsoiling and reshaping, soil improvement, vegetation restoration, and spray irrigation. Shrubs such as Caragana and Amorpha fruticosa, as well as grasses such as ryegrass and crested wheatgrass, were planted to prevent soil erosion and restore the original ecological functions to the greatest extent possible. Approximately 160,000 m<sup>2</sup> of vegetation restoration were completed at the waste dump.



Slope spray irrigation system at the waste dump



# Innovation Engine Driving Value Enhancement

Empowered by intelligent innovation, embarking on a new journey; driven by quality and efficiency, composing a new chapter. The Company actively practices the concept of high-quality development, focusing on the goal of industrial modernization. It has established a sci-tech innovation and digital-intelligence management system covering the entire value chain, promoting quality and efficiency improvements across R&D, production, and supply chain processes. It is committed to building a modern enterprise characterized by innovation leadership, intelligent efficiency, outstanding quality, and strong responsibility, thereby injecting strong momentum into high-quality industrial development and fostering a mutually beneficial and trustworthy industrial ecosystem.

# R&D Breakthroughs and "Rare" Product Innovation

The Company actively responds to the national and Inner Mongolia Autonomous Region strategies of "innovation-driven development". Guided by technological innovation and advancement, it vigorously promotes innovation in organizational mechanisms, continuously stimulates the vitality of research entities, and accelerates the development of an innovation-driven Baogang, making technological innovation the core driving force of corporate development.

## Governance

The Company has established a Science and Technology Management Committee, led by Company management, as the decision-making body for science and technology management. The Committee is responsible for defining innovation strategies, approving plans and projects, coordinating resource allocation, overseeing the full R&D process, reviewing funding and talent outcomes, and recognizing outstanding innovation achievements, thereby ensuring compliant and efficient advancement of innovation activities.

At the same time, the Company has issued management notices, revised and compiled the Implementation Rules for Technical Research Procurement Management of Baogang Steel, and issued the Notice on Further Adjusting and Optimizing Management Authority of Research Institutes. It has delegated authority in personnel, procurement, and funding, implemented diversified incentive mechanisms, optimized talent evaluation systems, established an industry-university-research collaborative R&D model, and built a rigid growth mechanism for R&D investment, thereby stimulating innovation vitality and driving high-quality development through innovation.

## Strategy

Risks	Risk description	Response Measures
Technical Risks	<ul style="list-style-type: none"> <li>New technology development may encounter technical challenges that cannot be overcome or may fail to achieve expected results due to technological immaturity.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen feasibility studies and assessments prior to R&amp;D to comprehensively analyze technical challenges and potential risks.</li> <li>Establish backup technical solutions to enable timely switching or adjustment when issues arise.</li> <li>Continuously track technological development trends and introduce external technological resources.</li> </ul>
Market Risks	<ul style="list-style-type: none"> <li>Inaccurate forecasting of market demand for new technologies and products may hinder the conversion of innovation achievement into actual value.</li> <li>Competitors may launch similar or more advanced technologies and products more quickly, capturing market share.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen market research to improve forecasting accuracy.</li> <li>Formulate diversified market strategies to reduce dependence on a single market.</li> <li>Adjust innovation direction and product functions in a timely manner based on market changes to enhance market adaptability.</li> </ul>

## Impact, risk, and opportunity management

Relying on the resource advantages of the Baiyun Obo Mine, The Company focuses on the core field of rare-earth steel. It systematically advances scientific research, application and commercialization, innovation cooperation, and intellectual property protection. During the year, it achieved breakthroughs in multiple core technologies, developed a number of high-end new products, strengthened industry-university-research collaboration, and realized dual improvements in technological innovation and production efficiency.

## Strengthening the Foundation for Innovation

The Company continues to strengthen the construction of scientific research platforms and improve its research system. Leveraging academicians' workstations, it carries out core technology research and establishes a metallurgical performance research system tailored to the smelting characteristics of the Baiyun Obo Mine. In 2025, the Company owned or co-established two national-level research platforms, one provincial-level platform, and two academician workstations. It was also recognized as a high-tech enterprise in the fifth batch of 2025 in Inner Mongolia Autonomous Region, further consolidating platform support and qualification assurance for innovation and R&D.



The Company's achievements in "Key Technologies and Applications for Digital Intelligent Control Throughout the Seamless Steel Pipe Manufacturing Process" and "R&D and Industrial Application of Rare-earth High-strength Steel Plates for Special Vehicles" won the Second Prize of the Science and Technology Progress Award of Inner Mongolia Autonomous Region.

## Tackling Core Technologies

Focusing on the two core processes of ironmaking and steelmaking, The Company has optimized process parameters and achieved breakthroughs in key technologies, with the objectives of cost reduction, quality improvement, and low-carbon development, thereby realizing process upgrades and efficiency gains.

### Ironmaking

- Actively advanced the implementation of academician workstation projects and proposed targeted measures to reduce the reduction swelling index of Baiyun Obo iron ore pellets, reducing the index of belt-roasted pellets from 18% to below 17%.
- Established a method for testing metallurgical properties of integrated blast-furnace burden adapted to the alkali metal and fluorine circulation conditions of Baogang blast furnaces, determining optimal process parameters and effectively reducing the blast furnace fuel rate.
- Completed a pilot production line for coal-based colloidal binder preparation and conducted industrial trials partially replacing bentonite, achieving the substitution of 1.0% bentonite with 0.1% coal-based binder while maintaining stable pellet quality.
- Continued experimental research on cost-effective iron ore, promoting the application of new ore types such as Indian ore fines, reducing blending costs by over RMB 50 million in 2025.
- Completed industrial trials of direct reduction of Baiyun Obo ore using a pure hydrogen shaft furnace, verifying the feasibility of producing direct reduced iron with a metallization rate above 94% from pellets with TFe content of 62%–63%, laying a foundation for hydrogen metallurgy projects.

### Steelmaking

- Developed a mold wire-feeding process to enable production of steel with high rare-earth content.
- Innovated the rare-earth ferrosilicon deoxidation process to promote balanced utilization of rare-earth resources; through process optimization measures such as eliminating calcium treatment, achieved cost savings of nearly RMB 10 million.
- Introduced a smart converter steelmaking system, with AI-based modeling data collection accounting for over 50% of total production data, initially establishing an AI-enabled smart steelmaking platform.
- Developed and applied a steelmaking process with a high scrap ratio in long processes, formulated four production control standards for low-carbon-emission steel, and obtained Kingfisher Certification for green steel products with 20% and 50% high scrap ratios, as well as certification for low-carbon-emission hot-rolled coil, significantly enhancing the market competitiveness of green steel products.

## Protecting Intellectual Property

In accordance with the *Patent Law of the People's Republic of China, the Implementing Regulations of the Patent Law of the People's Republic of China*, and the Patent Management Measures of Baogang (Group) Company, Baogang Steel has revised and issued the Patent Management Measures of Baogang Steel. It has improved its intellectual property management system, specifying management structures and responsibilities, the application and use of patent systems, and patent application procedures. The Technology Center has been designated as the centralized management department for intellectual property and patent matters, responsible for system development, planning, strategic implementation, and overall coordination across units. The Company has also clarified ownership of intellectual property in research collaborations, established accountability mechanisms, standardized patent protection management, and conducted internal patent training, optimized review processes, and improved patent application efficiency and authorization rates. As of the end of 2025, the Company held 2,721 valid patents and obtained 98 newly granted invention patents.

## Indicators and targets

In 2025, The Company's total R&D investment amounted to RMB 3.367 billion (full-caliber), with operating revenue of RMB 66.358 billion. R&D intensity reached 5.07%, significantly exceeding the target of 4.5%.

According to the Company's 15th Five-Year Plan for scientific and technological innovation, The Company will continue to increase efforts in technological innovation and R&D investment in 2026, striving to achieve an annual R&D intensity of 5%.

## Strengthening Quality Foundations and Elevating the Brand

The Company consistently adheres to its quality policy of "guided by Baogang's high-quality development strategy, driven by customer needs, strengthening risk awareness, stabilizing production processes, enhancing quality management, implementing brand building, and continuously improving customer satisfaction and loyalty". Centered on this policy, the Company has established a full-process quality control system, continuously optimized its customer service system, effectively ensured product quality, and enhanced customer satisfaction.

## Product Quality Assurance

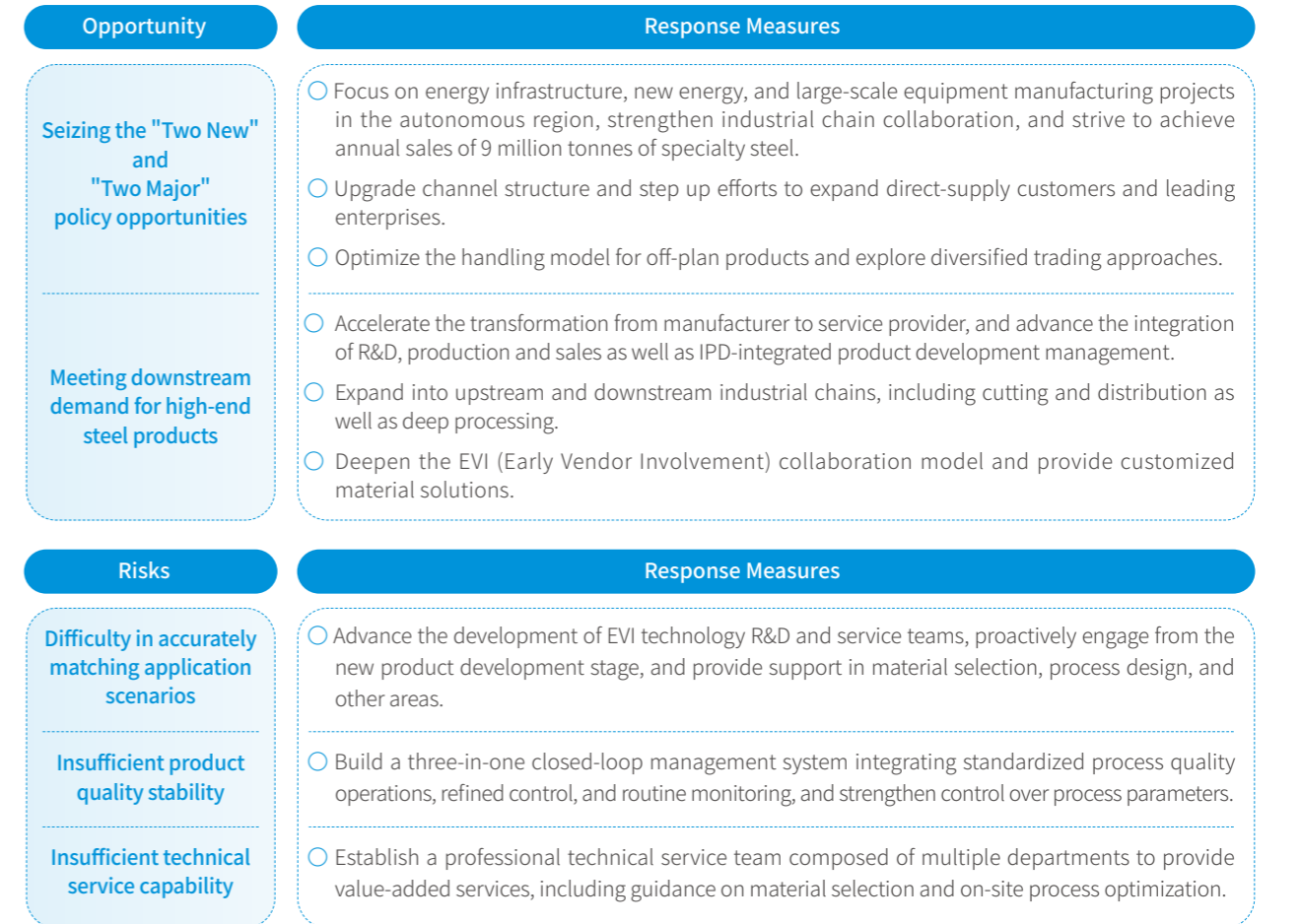
Under the quality management policy of being guided by "Baogang's high-quality development strategy, driven by customer needs, strengthening risk awareness, stabilizing production processes, enhancing quality management, implementing brand building, and continuously improving customer satisfaction and loyalty", The Company ensures that its product quality meets and exceeds industry standards while addressing diverse customer requirements.

## Governance

The Company strictly complies with the *Product Quality Law of the People's Republic of China* and other applicable laws and regulations. Its quality management system is composed of management, functional departments such as manufacturing and quality, product production units, and support departments including marketing and R&D, with clearly defined roles and responsibilities. A comprehensive quality documentation control system has been established, and multiple management systems such as the Measures for Quality Management of Raw Materials, Fuels and Auxiliary Materials of Baogang Steel and the Measures for Process Quality Management of Baogang Steel have been formulated. Focusing on full-process quality control of steel products, the Company implements targeted measures across five dimensions—product and process design, process management, raw material input, control of key products, and final release inspection—thereby building a closed-loop management system and achieving precise quality control across the entire value chain.

## Strategy

In line with industry trends and the Company's development needs, Baogang Steel has identified opportunities and potential risks related to product quality and formulated targeted response strategies to promote the deep integration of quality and strategic development, including:



## Impact, risk, and opportunity management

In 2025, the Company focused on implementing management requirements in two areas—quality management upgrading and quality culture development—and achieved remarkable results.

### Quality Management



Conducting quality technology breakthroughs

- Advanced the development of single-side trimming for cold series products, expanding applicable steel grades from 5 to 19. In 2025, the single-side trimming ratio increased from 55% to 62.88%.
- The average monthly loss caused by 18 types of typical quality defects across production lines decreased by 45.85% year on year, and the capability for inclusion control improved significantly.

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Expanding quality certification qualifications

- Maintained ISO 9001 and IATF 16949 quality management system certifications, obtained renewal certificates for classification societies of marine steel plates in multiple countries and special equipment manufacturing licenses for pressure pipeline components, as well as multiple certifications including the first certification by KRRI of the Korean Ministry of Land, Infrastructure and Transport and CRCC certification expansion and trial certificates for rails.

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Enhancing physical product quality stability

- Conducted 49 evaluations of steel product quality and dimensional stability, with overall product quality scores improving year on year.

## Quality Culture

With the establishment of a "zero-defect" quality prevention system as the core, the Company integrates quality requirements into standardized operations across all processes. Through continuous improvement based on process evaluation and physical testing, it promotes employees to firmly uphold the principle of "quality first and prevention first". At the same time, driven by quality improvement initiatives and benchmarking, all units are encouraged to actively participate, forming a comprehensive quality culture involving all employees, all processes, and all aspects.



On August 29, 2025, The Company held the September production planning meeting and the launch ceremony of "Quality Month"

## Indicators and targets

In 2025, the pass rate of key products reached 99.13%, an increase of 0.07% year on year, successfully achieving the annual target. The reduction in 18 types of typical quality defects exceeded 46%, with improvements in both product stability and dimensional accuracy.

In 2026, the Company aims to achieve a pass rate of key products of over 99.15%. To ensure the achievement of this target, the Company will continue to deepen precise full-process control, optimize internal control standards, and strengthen process monitoring and quality traceability mechanisms to steadily improve product quality.

## Optimizing Customer Service

Adhering to the service philosophy of "meeting customer needs, serving the market, and achieving win-win outcomes", the Company takes customer needs as the core, and, based on upgraded quality control and enhanced technical service capabilities, continuously optimizes the integrated service model covering production, sales, R&D and application. It improves its service system, provides value-added services, and builds a deeply integrated development community with customers.

## Actively Responding to Complaints

The Company strictly implements the Measures for Handling Product Claims and Customer Quality Complaints of Baogang Steel, improves quality credit standards, and establishes rapid response plans for quality issues. For customer feedback, it initiates a closed-loop management process of "inspection, determination, handling and feedback", promptly isolates abnormal products, conducts re-inspection and traceability, and quickly formulates corrective action plans. At the same time, it continuously optimizes customer feedback channels, eliminates root causes through systematic rectification, effectively reduces losses arising from quality claims, and enhances customer satisfaction. In 2025, The Company received 58 cases of product quality claims, all of which were satisfactorily resolved, with customer satisfaction reaching 97.84%.



## Protecting Customer Privacy

The Company attaches great importance to customer information security management and strictly complies with the *Data Security Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*. It has established a comprehensive customer information and privacy protection management system, standardized the management of customer transaction and demand information, strengthened internal information control processes, and strictly prevented the risk of customer information leakage. In 2025, no incidents of customer information leakage occurred.

# Supply Chain Transmission and Responsible Procurement

The Company has improved its supplier management systems and optimized procurement channels. Adhering to the principles of fairness, impartiality, integrity, and quality, and benchmarking against leading steel enterprises, it has established a transparent, efficient, compliant, and sustainably competitive procurement system, continuously enhancing the sustainable development capabilities of its suppliers.

## Governance

The Company strictly complies with laws and regulations related to safety and quality. It has established a Procurement Leading Group, with the General Manager serving as Group Leader, executives in charge as Deputy Leaders, and heads of relevant functional departments as members, providing support for major procurement decision-making. An office under the Procurement Leading Group is set up within the Procurement Center, responsible for overall coordination. In addition, seven specialized procurement teams have been established to carry out procurement management across various fields according to professional division of labor, ensuring standardized and orderly procurement. The Company has also formulated a number of specific systems, including the Procurement Management Measures of Baogang Steel and the Supplier Management Measures for Material Procurement of Baogang Steel. All departmental procurement activities are subject to prior review under the "major decision-making, important personnel appointments, major project arrangements, and large-sum fund use" mechanism, thereby standardizing the entire procurement process.

## Strategy

As a steel enterprise, The Company faces major supply chain risks across various links, including market risk, logistics risk, financial risk, and supplier risk. These risks may have short-term impacts on supply chain security.

Risk Categories	Risk Level	Specific Risk Profile
Market Risks	Short-term risks	Including fluctuations in market demand and prices, and intensified market competition. It is necessary to closely monitor macroeconomic conditions and policy changes, dynamically adjust production plans, product structures, and marketing strategies, and enhance product competitiveness.
Logistics Risks	Short-term risks	Covering the transportation of raw materials such as iron ore, coal, and coke, as well as steel products. The effectiveness of logistics management directly affects supply chain efficiency.
Financial Risks	Medium-term risks	The industry is capital-intensive, with core risks including excessive capital occupation and insufficient cost control. It is necessary to optimize capital utilization and cost management.
Supplier Risks	Medium-term risks	Suppliers include mines, coal enterprises, and steel producers. Insufficient competition or sudden supply disruptions may lead to production interruptions, product quality issues, and economic losses.

# Impact, risk, and opportunity management

## Strengthening Supplier Management

In accordance with internal systems such as the Supplier Management Measures for Material Procurement of Baogang Steel, the Company systematically implements full-process management of supplier onboarding, review, evaluation, and exit. It is committed to building a responsible, green, and resilient supply chain, while preventing supplier-related risks and identifying opportunities for cost reduction.

### Supplier Admission

- Supplier admission methods include admission through open tender, admission by recommendation, self-nominated admission, and temporary admission. Suppliers of different categories are required to submit corresponding qualification documents related to safety and environmental protection and are admitted only after rigorous evaluation procedures, ensuring compliance from the source.
- The Company has established a special governance leading group to address "leakage and irregularities" issues in procurement, placing strong emphasis on supplier integrity and compliance, and promoting the healthy and orderly development of the supply chain.

### Supplier Review

- Suppliers are subject to dynamic management and review mechanisms. Based on annual evaluation results, operating conditions, and major changes, suppliers are categorized and managed accordingly.
- For suppliers receiving advance payments, key dynamic monitoring is implemented to promptly track major changes, effectively reduce financial risks, and ensure supply chain stability.

### Supplier Evaluation

- Suppliers are comprehensively evaluated based on indicators such as supply quality, price level, contract performance capability, and fulfillment of social responsibility. Evaluation results serve as the core basis for supplier classification, continuation, exit, and deepening of cooperation.
- Based on evaluation outcomes, the Company optimizes supplier structure, increases the proportion of direct procurement, reduces channel costs at the source, and further enhances supply chain resilience.

### Supplier Exit

- Based on annual evaluation results and dynamic review outcomes, strict exit mechanisms are implemented for E-grade (non-qualified) suppliers and those with major compliance risks, insufficient performance capability, or integrity violations.
- The Company accelerates market-oriented procurement reform, formulates targeted sourcing plans, intensifies market exploration efforts, actively expands and introduces high-quality supplier resources, and achieves a virtuous cycle of supplier development.

## Supplier Communication and Training

### Supplier Communication

- A normalized communication mechanism has been established. Through source tracing, return visits, and interviews, procurement standards and compliance requirements are aligned.
- ESG performance clauses are clearly stipulated in bidding and contractual processes, requiring suppliers to sign documents such as the Letter of Commitment for Contract Performance and the Integrity and Honesty Agreement, thereby strengthening transparent procurement.

### Supplier Training

- Focusing on environmental protection, energy conservation, and safety, the Company provides policy interpretation and technical exchanges from the supplier onboarding stage to enhance suppliers' ESG awareness and practical capabilities.
- One-on-one training is provided to newly awarded suppliers to clarify requirements related to contract performance, environmental protection, and assessment.

## Stabilizing the Supply Chain

### Inventory Management

The Company implements the overall deployment of "ultimate cost reduction" and "inventory reduction". Centered on cost efficiency and low-inventory operations, it has established inventory early warning and coordinated transportation mechanisms, thereby optimizing capital utilization efficiency. It promotes strict inventory control and joint reserve and shared stocking, reducing inventories of spare parts and raw materials and lowering capital occupation. By coordinating environmental operations and implementing precise measures, the Company continues to reduce hidden costs in warehousing. As of the end of 2025, inventories of purchased fuels decreased by approximately 21% compared with 2022, and inventories of purchased raw materials decreased by approximately 23%.

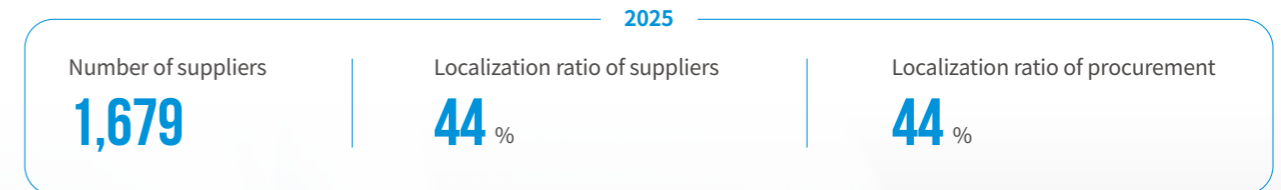
### Procurement Management

Focusing on supply assurance and cost reduction and efficiency enhancement, the Company has established specialized task forces for regional ores, Mongolian ores, scrap steel, and alloys. It strengthens procurement initiative, continuously expands sourcing channels, increases the proportion of manufacturers, optimizes procurement strategies and contract performance management, ensures cost alignment with market conditions, and effectively enhances supply assurance capability and risk resistance.

## Indicators and targets

### Indicator

Baogang Steel has formally become a co-initiator of the China Supplier ESG Rating Platform (CS-ESG) and a drafting entity for the group standards Guidelines for Supplier ESG Evaluation and ESG Management Requirements for Corporate Supply Chains, actively contributing to the development of the ESG ecosystem.



### Targets

The Company has established a standardized management system featuring "one standard, reasonable authorization, and separation of three roles". It strictly controls the procurement supply chain, prohibits the use of conflict minerals and raw materials involving conflict minerals, and implements supply chain due diligence requirements to mitigate related risks.

In 2026, the Company will continue to deepen the application of its electronic procurement smart platform, achieving unified aggregation of procurement data and full-process online management, thereby ensuring compliance and efficiency in procurement operations. At the same time, it will further improve green procurement standards, strengthen supplier empowerment, and promote the development of a more sustainable supply chain.



04



# Co-building and Sharing to Reinforce the Foundations for Development

The Company has deeply embedded the concept of "coexistence and win-win outcomes", integrating employee development, safety and health, social well-being, and industry advancement into a unified framework, thereby building a sustainable development ecosystem characterized by internal and external coordination and multi-stakeholder value creation. Adhering to a people-oriented philosophy, the Company fully safeguards employee rights and interests, provides platforms for employee development, and fosters a supportive and caring workplace environment. It has established and improved an occupational safety and health management system to build a strong defense line for the safety and well-being of all employees. The Company actively fulfills its social responsibilities by supporting rural revitalization initiatives and participating in public welfare activities, while strengthening community co-building and sharing. Leveraging its technological advantages, it also leads or participates in the formulation of industry standards, deepens collaboration with universities, associations, and enterprises, and promotes coordinated, high-quality development across the industry.

# Employee Development and Rights Protection

The Company adheres to a people-oriented approach, fully safeguards employees' fundamental rights and interests, continuously improves talent cultivation and promotion systems, pays close attention to employees' physical and mental well-being, and emphasizes work-life balance, thereby supporting employees' growth and development.

## Governance

The Company's overall employee management strategy is determined by the Board of Directors and implemented by the management team. A Nomination, Remuneration and Assessment Committee has been established. Functional departments such as the General Affairs Department, Organization and Human Resources Department, and Planning Department are responsible for managing remuneration and benefits, labor rights, employee training, and promotion, with coverage extending to all employees.

## Strategy

## Risks

Risk Category	Risk description	Reporting period	Response Measures
<b>Compliance Management Risks</b>	Management personnel may have insufficient understanding of labor laws and company policies, leading to deviations in employee recruitment and social insurance contributions; delays in updating company systems following changes in local policies may create compliance gaps.	Mid- to long-term response	Continuously track policy changes, promptly identify and correct implementation deviations, and update company systems in a timely manner to prevent compliance risks.
<b>Talent Supply Risks</b>	Amid transformation and upgrading, there is a shortage of high-end technical talent, core management personnel, and skilled workers, with intense competition for talent in the industry. Some positions face workforce aging and a lack of young talent, resulting in a mismatch between talent supply and transformation needs.	Long Term	Long-term response: Advance recruitment, training, and talent pipeline development; focus on attracting high-end technical and digital talent; and optimize the talent structure.
<b>Labor Relations Risks</b>	Disputes may arise with employees over salary payments, job adjustments, labor contract management, or work injury compensation. Failure to resolve such issues through consultation may lead to arbitration or litigation, while delayed or improper handling of employee appeals may escalate conflicts.	Short- to mid-term response	Implement targeted short-term measures to handle employee concerns promptly and appropriately, resolve differences through internal consultation, and prevent escalation.

## Opportunity

Opportunity Categories	Opportunity description	Reporting period	Response Measures
<b>Opportunities for upgrading compliance management</b>	The national government is continuously improving laws and regulations related to labor employment and social security benefits, providing clear policy guidance for upgrading compliance management. The proliferation of digital and intelligent technologies allows optimization of employee management processes, reduces human error, and enhances compliance management efficiency.	Medium Term	By leveraging policy guidance, the Company can advance compliance management upgrades, implement a phased digital control system, achieve precise prevention and control of compliance risks, and enhance overall compliance management capabilities.
<b>Opportunities for talent development and team building</b>	National policies support the development of skilled manufacturing talent and high-end technical personnel. As the Company accelerates transformation and upgrading, demand for digital and intelligent talent increases, creating policy support and development opportunities.	Long Term	Utilize national policy support and align with transformation needs to strengthen talent development, optimize talent structure, and support the effective implementation of its corporate strategy.
<b>Opportunities for harmonious labor relations</b>	The government promotes harmonious labor relations and supports enterprises in improving communication mechanisms and strengthening humanistic care. The Company enhances employee care, communication, and mental health support to strengthen connections with employees.	Long Term	In response to national policies, the Company continuously improves employee communication mechanisms, reinforces human-centric care and mental health initiatives, fosters a community of shared interests between employees and the Company, and enhances team cohesion.

## Impact, risk, and opportunity management

The Company attaches great importance to protecting employees' legitimate rights and interests. It upholds equal employment, improves compensation and benefits systems, promotes democratic management, enhances employee experience and well-being, and builds harmonious and standardized labor relations. It provides broad development platforms and emphasizes work-life balance, creating a positive workplace environment.

## Upholding Equal Employment

The Company fully complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *Provisions on the Prohibition of Using Child Labor*. It has established management measures for employees under labor contracts to regulate employment practices and effectively safeguard employees' legitimate rights and interests. The Company adheres to equal employment and equal pay for equal work, strictly prohibits child labor and forced labor, and fosters a diverse and inclusive workplace. It provides equal opportunities for all employees and follows the principles of fairness, impartiality, openness, and transparency. It prohibits all forms of employment discrimination and respects and treats employees fairly regardless of gender, age, education, ethnicity, religious belief, or cultural background. During the reporting period, the Company recorded no incidents of child labor, forced labor, human trafficking, discrimination, or harassment.

## Compensation and Benefits System

Baogang Steel continuously improves its compensation and benefits system, pays the five social insurances and one housing provident fund and enterprise annuity in full and on time in accordance with the law, and provides competitive working conditions and remuneration packages. In accordance with group requirements, it also implements supplementary medical insurance and supplementary pension insurance systems to provide comprehensive protection for employees.

### Compensation allocation mechanism

- Prioritize key positions, high-level technical and skilled personnel, and frontline operational roles;
- Optimize salary structure and determine differentiated fixed-to-variable pay ratios based on job characteristics;
- Establish a distribution orientation where leading cadres have 'low security, high incentives, and income that can increase or decrease'; grassroots frontline workers have 'basic security, incentives, and relatively stable income'; and high-level talents and researchers have 'high security, strong incentives, and competitive income'.

### Compensation and benefits assurance system

- Employee wages are centrally distributed monthly through the ERP human resources system, generally completed before the 20th of each month. Employees can access their salary details via the ERP system or collaborative management platform.
- Social insurance benefits are implemented in accordance with national and regional regulations.
- The Company pays pension, medical, work injury, and unemployment insurance contributions in full and on time and implements supplementary insurance schemes as required.

### Working hours and leave management system



The Company strictly complies with national laws and regulations on working hours, establishes a monitoring system for employee rest and leave, and provides timely reminders to ensure employees take their entitled leave.



Employees under the standard working hour system work no more than 8 hours per day and 40 hours per week.



Paid annual leave is arranged in accordance with the law. If such leave cannot be arranged due to work requirements, compensation at 300% of the employee's daily wage is provided with written consent.

## Promoting Democratic Management

The Company strictly implements employees' democratic management rights and continuously deepens democratic corporate governance. On one hand, the Company has established leadership and supervision groups, standardized approval processes and disclosure directories, and promoted effective democratic supervision through special inspections. On the other hand, it strictly implements the employee representative congress system, standardizes procedures, enriches content, and fully leverages grassroots congresses in safeguarding employee rights, optimizing management, and supporting scientific decision-making. At the same time, the Company actively tracks employee sentiments and needs and discloses major matters related to employees and corporate development through official websites and social media platforms, ensuring employees' rights to be informed, to participate, to express opinions, and to exercise oversight.



The Third Session of the Second Employee and Member Representative Congress of Baogang Steel

## Facilitating Career Development

The Company regards employee career development as a key component of corporate strategy and is committed to building a systematic talent development framework. Through the establishment of a tiered talent growth mechanism and diversified career pathways, the Company provides clear and smooth support for employee capability enhancement and career advancement, fully unleashing talent potential.

### Talent Introduction

In 2025, the Company implemented national policies to stabilize employment and introduced 906 talents through diversified channels. A total of 334 employees were recruited through campus and social recruitment, including 76 with master's degrees or above; 36 retired military personnel were specially recruited. Through the "3+0.5+0.5" order-based training model, 515 on-site engineers were introduced. Four high-end talents in the special steel field were recruited to support business development, and 53 additional hires were made through other channels.

### Promotion Pathways

The Company provides well-structured career development pathways, including a multi-level management sequence, an eight-level technical and professional sequence, and a dual eight-level skills and operations sequence. This system supports employee career planning, ensures integration across three talent tracks, and establishes both vertical promotion ladders and horizontal mobility channels.

### Employee Training

The Company places strong emphasis on talent development. It adopts a training operation model led by professional departments, implemented through hierarchical management, and actively involving employees. Training resources are integrated, and training programs are systematically organized. In 2025, the Company invested RMB 9.56 million in vocational education, completed 1,261 training programs, and achieved 154,000 participant attendances, with a training coverage rate of 100%.

### Training for management personnel

- Focused on strategy implementation and management effectiveness, enhancing political awareness and performance capabilities.
- Training included learning on the Central Committee's eight-point decision and key policy directives, thematic programs, and online training, as well as specialized training for functional departments.

### Training for technical and professional personnel

- Aimed at improving job competency, innovation capabilities, and commercialization of results.
- Specialized training was conducted through functional departments and the Technology Center, with expert-led sessions covering multiple disciplines.
- Baogang Steel's "Ecological Operation Project for Empowerment, Quality Improvement and Capacity Enhancement through the Employee Training Cloud Platform" won the Outstanding Award for Smart Learning Project Operations at the 17th Boao Awards.

### Training for skilled operational personnel

- Focused on enhancing theoretical knowledge and practical skills, promoting learning through competitions, building a strong brand for skilled talent, strengthening key position empowerment, and optimizing the skill level structure.



The Company's joint program with universities for the cultivation of on-site engineers and campus recruitment internships



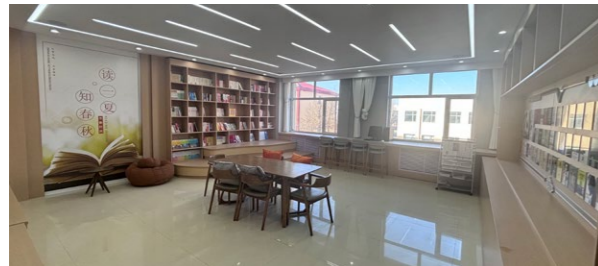
Launch Meeting for the 2025 Corporate Professional Skills Competition

## Prioritizing employee well-being

The Company adheres to a people-oriented approach and has built an employee care system by improving the working environment, providing regular psychological support, delivering targeted assistance and care visits, and fostering a harmonious workplace atmosphere, thereby continuously enhancing employees' sense of fulfillment, happiness, and belonging and strengthening the internal driving force for the Company's development.

### Working Environment and Conditions Protection

The Company has consistently adhered to the people-centered development philosophy and integrated the principle of "doing practical things for the people" into its sustainable development practices. Focusing on employees' most pressing concerns and urgent needs, the Company has leveraged "small initiatives" to address "major livelihood issues." It invested RMB 4.086 million in targeted projects such as restroom renovations and the optimization of canteens and bath facilities. Effectively resolve employees' day-to-day pain points and practical concerns. By providing living facilities such as microwave ovens and electric kettles, building new smart parking sheds, and optimizing commuting services, the Company has comprehensively safeguarded employees' health and daily convenience, effectively enhanced their sense of gain, happiness, and belonging, and strengthened the foundation for democratic corporate management and harmonious labor relations.



Achievements of the renovation of the "three rooms and one hall" at Barun Mining Branch



Newly built smart parking sheds for motorcycles and electric bicycles

### Psychological Health Assistance

The Company attaches great importance to employees' mental health. It has organized a wide range of mental health lectures and activities and provided professional counseling services to help employees relieve work pressure, ease emotional distress, and improve psychological resilience and work efficiency.



Mental health lectures



Mental health lecture on "Relieve Stress, Build Strength, and Move Forward"



Mental health activities



Lecture on knowledge for caring for employees' mental health

## Assistance and Care Activities

The Company cares for and supports its employees. It has established a warm and responsive support mechanism, carry out employee care and outreach activities on a regular basis, and provide timely assistance to employees in need, so as to effectively convey the Company's care and create a warm and inclusive workplace. The Company continued to advance its year-round "Four Seasons" employee care initiative. Trade unions at two levels invested a cumulative total of more than RMB 7.5 million in care and outreach activities for frontline employees, provided assistance to 228 employees with serious illnesses, and extended care visits to 791 retired employees. As a result, its employee care services—covering hardship assistance, warm outreach, and daily-life support, with clear levels, distinct priorities, and effective coordination—became more thoughtful and responsive.

### Baogang Steel leaders visited frontline employees to extend care and support

During the 2025 Spring Festival, in order to put its people-centered care and sustainable development philosophy into practice, Baogang Steel's management visited production frontlines and employees' families, extended holiday greetings and practical care to on-duty cadres and employees, model workers, and employees facing difficulties, and placed particular emphasis on work safety while boosting team morale for the new year. This initiative effectively enhanced employees' sense of belonging, happiness, and team cohesion, and successfully transformed organizational care into an internal driving force that inspires employees to stay dedicated to their posts and supports the Company's steady development.



## Work-Life Balance

The Company advocates healthy work and enjoyable living for its employees. The Company organizes a wide variety of cultural and sports activities to enrich employees' lives outside work, effectively enhance their sense of belonging, happiness, and cohesion, and foster a warm and caring corporate family.



The Fifth Baogang Steel Employees' Gas Volleyball Tournament



Baogang Steel's 2025 "With Affection for the Mines, Because of YOU and Me" networking and friendship event and care activity for single young employees working away from home

## Indicators and targets

2025			
Total number of employees	Turnover rate of employees	Labor contract signing rate	Social insurance coverage rate
<b>25,284</b>	<b>0.28 %</b>	<b>100 %</b>	<b>100 %</b>
Investment in employee training	Average training hours per employee	Employee training coverage rate	
<b>9.56 million yuan</b>	<b>152 hours</b>	<b>99 %</b>	

# Safety First, Prevention and Control as the Priority

The Company consistently places work safety and employees' occupational health in the foremost position. The Company has continued to improve its work safety management system, actively implemented the three-year action plan to address the root causes of work safety risks, upgraded its digital and intelligent safety systems, promoted the application of key SRE project outcomes, and systematically carried out dedicated training on safety and occupational health, building a solid line of defense for the safety and health of all employees across all dimensions and throughout the entire chain of operations.

## Governance

The Company has established a Safety Production Committee and an Occupational Disease Prevention and Control Committee, and has set up a dedicated Safety Management Department as its specialized safety management body. The Company has also built a dedicated safety management team and formed a safety management system with clearly defined responsibilities and authorities. It formulated and implemented the *Full Staff Workplace Safety Responsibility System and the List of Workplace Safety Responsibilities for All Employees of the Company*, carried out annual evaluations of the full staff work safety responsibility system, and regularly convened Safety Production Committee meetings and special safety work meetings to accurately study, plan, and deploy key work safety tasks, effectively reinforcing the Company's work safety defense line.

From 2022 to 2025, in accordance with the *Measures for the Extraction and Use Management of Work Safety Expenses of Enterprises and the Measures for the Extraction and Use Management of Work Safety Expenses of Baogang Steel*, Baogang Steel made full monthly provisions for work safety expenses and strictly used and wrote them off within the prescribed scope of expenditure. Major areas of investment included personal protective equipment; emergency rescue equipment, supplies, and drills; assessment, monitoring, rectification, and control of major hazard sources and accident hazards; work safety inspections, assessments, consulting, and standardization development; safety training, education, and communication; maintenance and retrofit of safety protection facilities and equipment; promotion and application of new technologies, new standards, new processes, and new equipment; as well as inspection and testing of safety facilities and special equipment.

## Strategy

The Company's principal safety risks are concentrated in key areas such as non-coal mining, metal smelting, hazardous chemicals production, and construction, maintenance, and overhaul. In response to the most critical and prominent risks, the Company has formulated dedicated control measures to achieve precise risk prevention and control in key areas and crucial links. The key risks and corresponding control measures are as follows:

Industry Category	Risk Point	Existing Risk	Control Measures
Non-coal mining	Slopes	Collapse	<ul style="list-style-type: none"> <li>Adopt presplit controlled blasting technology for operations adjacent to the slope face;</li> <li>Conduct all-weather slope radar monitoring and carry out no fewer than 3 targeted manual inspections per week, and perform slope cutting and load reduction where necessary;</li> <li>Drain and dewater seepage-prone slopes through drainage holes;</li> <li>Conduct acceptance inspections in accordance with the acceptance standards for presplit slope-face blasting.</li> </ul>
Metal smelting	Converter smelting Gas holders	Mechanical injuries, poisoning and suffocation accidents, being struck by objects, scalds, fires, other explosions	<ul style="list-style-type: none"> <li>Keep areas involving molten metal smelting and transfer (including lifting and transport) dry;</li> <li>Ensure the proper functioning of safety monitoring, surveillance, interlocking, and firefighting equipment and facilities;</li> <li>Provide labor protection articles and emergency supplies that comply with national and industry standards.</li> </ul>

Industry Category	Risk Point	Existing Risk	Control Measures
Dangerous Chemicals Production	Roll removal and installation operations	Struck-by injuries, mechanical injuries, lifting injuries, and other injuries	<ul style="list-style-type: none"> <li>Inspect tools and implements before operations to ensure they are intact and undamaged;</li> <li>Strictly follow safe operating procedures during roll removal and installation operations.</li> <li>Provide labor protection articles and emergency supplies that comply with national and industry standards.</li> </ul>
Industrial and trade operations	Construction, maintenance, and overhaul operations	Struck-by injuries, mechanical injuries, lifting injuries, and other injuries	<ul style="list-style-type: none"> <li>Strictly follow safe operating procedures;</li> <li>Special operators with corresponding certificates;</li> <li>Ensure that equipment interlocking devices, protective devices, and related safeguards remain intact and effective.</li> </ul>

## Impact, risk, and opportunity management

The Company has established a standardized process for safety risk identification and assessment, under which safety risks are classified into four levels—major, relatively major, general, and low—enabling precise, tiered, and categorized risk management. Baogang Steel has also established a support mechanism pairing "pilot units" with "designated support units," and has promoted the outcomes of the SRE project across three stages and eight major modules: laws, regulations, and standards; implementation of the full staff work safety responsibility system; capability enhancement for personnel in key positions; advancement of the dual prevention mechanism; SJP standards for maintenance and repair operations; improvement of the hazard inspection and rectification system; special management of high-risk operations; and contractor management.

## Safety Standardization Development

In 2025, 20 assessment units of Baogang Steel obtained Level 2 Work Safety Standardization certification, and four assessment units obtained Level 3 certification. To advance the implementation of the *Requirements for the Management System of Work Safety Standardization in Large and Medium-sized Enterprises*, Baogang Steel aligned itself with the new requirements by incorporating core elements such as leadership role and work report by the principal person in charge into its management system. The Company also invited industry experts to provide dedicated interpretation sessions, and comprehensively completed system operation reviews as well as rectification supervision, ensuring the efficient implementation of the new requirements.

## Special Risk Control

The Company has carried out routine risk screening, rectification, and control. The Company revised and filed the *Comprehensive Emergency Response Plan for Production Safety Accidents of Baogang Steel*, and further reinforced the three lines of defense, namely tiered control of safety risks, closed-loop management of hazard identification and rectification, and coordinated emergency response and rescue. By establishing risk registers, specifying deadlines for rectification, and assigning control responsibilities, the Company has continuously promoted a shift in work safety management toward ex ante prevention and prevented workplace accidents at the source.

Development of the Safety Informatization System Platform

- Baogang Steel has promoted the application of advanced technologies and equipment such as intelligent monitoring and early warning systems and automated control systems. The Company has integrated early warning for major hazard sources into its safety informatization system, effectively prevented and mitigated safety risks, and realized a fundamental transformation in work safety from manual prevention to technology-enabled prevention and intelligent prevention.
- Using digitalization and informatization as key enablers, Baogang Steel has comprehensively deepened the development of the dual prevention mechanism featuring tiered control of safety risks and hazard identification and rectification, and has established an online supervision and inspection platform to enable dynamic risk identification, precise classification, and effective control.



- Baogang Steel uses containers with refractory linings and water-cooled structures, and regularly inspects them for erosion, cracks, and other conditions.
  - The Company equips operating areas with protective facilities such as slag-retaining plates and splash guards. Before operations begin, it ensures that containers and surrounding areas are dry, clean, and free of combustible materials, and that personnel have been evacuated from the warning zone.
  - Emergency receiving pits (or tanks) are installed on site, and dedicated emergency drills for scenarios such as splashing and overturning are organized on a regular basis.
- 
- Baogang Steel completed full coverage of pre-safety assessments, facility design reviews, and acceptance evaluations for 36 newly built projects. The Company conducted comprehensive assessments of project layout, equipment, and processes, systematically identified risks such as fire, explosion, poisoning, and mechanical injury, and formulated targeted control measures accordingly.

### Safety Training and Drills

In light of actual production conditions, The Company regularly carries out safety training, safety-themed activities, and emergency drills. In 2025, the Company invested RMB 17.4985 million to build a 1,779-square-meter Safety Experience Center, covering ten major practical training zones and VR virtual experience modules. The Center provides employees with immersive safety training and effectively enhances the risk awareness and emergency response capabilities of frontline personnel. In addition, the Company organized dedicated emergency drills around key areas, strengthened employees' risk prevention awareness as well as self-rescue and mutual rescue capabilities, and built a stronger safety safeguard for production and operations.



Baogang Co., Ltd. Safety Management Information System



Baogang Co., Ltd. Safety Experience Center - Blind Plate Plug Extraction Operation Safety Training System



Baogang Steel hidden hazard identification and rectification competition



Baogang Steel comprehensive emergency drill for gas leakage

### Occupational Health Protection

In 2025, The Company continued to advance the development of its ISO 45001 occupational health and safety management system and successfully passed the annual surveillance audit for its ISO 45001 occupational health and safety management system certification. In strict compliance with the relevant requirements of the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Company accurately implemented its occupational health examination plan and fully completed occupational health examinations for newly recruited employees, employees working in positions exposed to occupational disease hazards, and employees leaving such positions. The Company also continued to improve its occupational health management records, providing strong protection for employees' health.



Offline special lecture conducted by the Coking Chemical Branch

### Indicators and targets

2025			
Number of work-related deaths	Occupational injury rate	Number of working days lost due to work-related injuries	Injury rate per million working hours
1	0.14 %	201	0 cases per million working hours

## Community Co-building and Local Commitment

The Company consistently upholds the principle of giving equal importance to social responsibility and corporate development. The Company actively implements the rural revitalization strategy, engages in public welfare and charitable initiatives, shares the benefits of development with society, and contributes to the building of a better and happier community.

### Promoting rural revitalization

The Company has actively implemented the arrangements and plans of the autonomous region and Baotou municipality. Closely centering on the main task of fostering a strong sense of community for the Chinese nation, the Company has actively supported rural revitalization through such initiatives as consumption-based assistance. In 2025, through the Baogang Wankai and Tiehua platforms, The Company purchased RMB 7.6596 million of products under its consumption-based assistance program. This not only helped meet employees' needs, but also generated tangible income gains for farmers.



Baogang Steel was recognized as an Outstanding Practice Case of Rural Revitalization by a Listed Company

### Practising social welfare

The Company has actively practiced the volunteer spirit of dedication, friendship, mutual assistance, and progress. The Company encourages Youth League members and young employees to participate actively in public welfare activities, proactively works with the Baogang Working Committee on Caring for the Next Generation, nursing homes, and special education schools, and takes concrete action in public-interest initiatives such as assisting people in poverty and hardship, supporting the elderly, and helping persons with disabilities. In 2025, Youth League organizations at all levels carried out a total of 562 volunteer service activities, with 4,666 participant-times and 10,545.43 service hours in total. In addition, 44 employees took part in public welfare organizations, delivering warmth through concrete actions and demonstrating the Company's sense of responsibility.



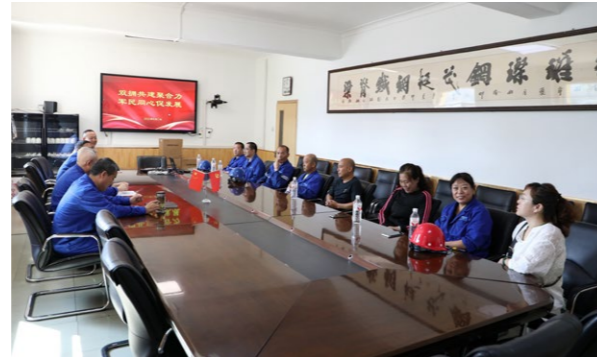
Baogang Steel carried out a co-building activity at the Baotou Social Welfare Institute



Volunteer activity themed "Carrying Forward the Spirit of Lei Feng and Inspiring Shared Commitment," organized by the Youth League Committee of the Rare-earth Steel Plate Plant of Baogang Steel



Volunteer Service Month activities themed on learning from Lei Feng



Care and outreach activities in support of military personnel and their families

## Industry Synergy and Standards Leadership

The Company adheres to the philosophy of openness, inclusiveness, and win-win cooperation. The Company actively works with partners to expand mutually beneficial pathways, achieve complementary advantages through resource integration, jointly advance collaborative innovation and technological development in the steel industry, build comprehensive, multi-field, and in-depth strategic partnerships, foster a stronger industrial ecosystem, and promote the high-quality development of the industry.

## Formulation of Industry Standards

The Company attaches great importance to the development of the industry standardization system. Relying on its core technologies and industrial advantages in rare-earth steel, the Company has repeatedly participated in the formulation and revision of national standards, industry standards, and association standards. Through standardization development, it has empowered technological upgrading and product quality improvement across the industry and contributed to elevating the overall development of the steel industry to a new level.

### Official release of the first association standard for Rare-Earth Structural Steel Plates for Bridges, drafted under the leadership of Baogang Steel

In November 2025, The Company led the drafting of the standard *Rare-Earth Structural Steel Plates for Bridges*. Released by the China Iron and Steel Association, the standard was authoritatively recognized by an expert panel as having reached an internationally advanced overall technical level. As the first association standard in the industry specifically for rare-earth structural steel plates for bridges, it filled a gap in China's high-end bridge steel sector. The release of this standard not only provides unified guidance for the R&D, manufacture, and engineering application of rare-earth steel for bridges, but also further enhances the Company's technological influence and industry standing in the field of rare-earth steel, providing strong support for expanding the application of related products in key engineering projects and strengthening their market competitiveness.

## Deepening Cooperation and Exchange

The Company remains committed to openness, collaboration, mutual benefit, and win-win outcomes. The Company continues to deepen exchanges and cooperation with universities, research institutes, and partners across the industrial chain. Focusing on key areas such as joint technology research, commercialization of achievements, product promotion, and talent development, the Company has built multi-level cooperation platforms and promoted high-quality development.



Seminar on technological exchange and innovation-driven development themed "Joint Technology Research and Commercialization of Achievements"



Deepened university-enterprise cooperation with Inner Mongolia University of Technology and opened a new chapter in the joint cultivation of on-site engineers



Jointly cultivated on-site engineers with Inner Mongolia University of Science & Technology to deepen the integration of industry and education



Promotion conference and technical seminar on hydrogen transmission pipelines

# Sustainable Development Management

The Company has integrated the ESG concept throughout the entire process of business operations. The Company continues to improve its governance structure, strengthen its ESG management system, and continuously optimize its ESG management and ESG indicator system, providing solid support for the steady enhancement of its sustainable development performance.

## ESG Governance Structure

The Company has studied and developed an ESG governance structure comprising three levels: the Board of Directors, the Board's Strategy and ESG Committee, and the ESG Working Group. The Board of Directors is the highest responsible body for the Company's ESG management operations and public information disclosure. Board's Strategy and ESG Committee is responsible for formulating ESG goals and related systems, while the ESG Working Group serves as the principal coordinating and execution body, coordinating and advancing the implementation of ESG-related matters.

Responsibilities of the Board of Directors	Board's Strategy and ESG Committee	Responsibilities of the ESG Working Group
<ul style="list-style-type: none"> <li>Review and approve the Company's ESG goals and strategic plans;</li> <li>Deliberate and approve the Company's ESG architecture and key policies;</li> <li>Deliberate and approve the Company's ESG report;</li> <li>Review and approve the public disclosure of the Company's performance on ESG-related matters;</li> <li>Review ESG-related risks with significant impact and response plans for major negative ESG events.</li> </ul>	<ul style="list-style-type: none"> <li>Study and make recommendations on the Company's ESG goals and plans, ESG governance structure and related systems, ESG-related policies, ESG reports, and other relevant matters;</li> <li>Identify and monitor ESG-related risks and opportunities with significant impact on the Company's business, and guide management to take appropriate measures to address ESG risks and opportunities;</li> <li>Organize and coordinate the supervision and inspection of the Company's ESG-related policies, management, performance, and target progress, and make corresponding recommendations;</li> <li>Deliberate and submit the Company's ESG-related reports to the Board of Directors.</li> <li>Review other matters related to the Company's ESG work.</li> </ul>	<ul style="list-style-type: none"> <li>Formulate ESG-related policies and action plans in line with the Company's strategy and ESG goals;</li> <li>Manage ESG-related risks and matters arising in the Company's day-to-day operations;</li> <li>Be responsible for communication with relevant departments and subsidiaries of the Company, and coordinate and advance the implementation of ESG-related matters;</li> <li>Collect, compile, and prepare public disclosures relating to the Company's performance on ESG-related matters.</li> <li>Other ESG-related matters.</li> </ul>

## ESG Practices

The Company has progressively advanced sustainable development by publishing social responsibility/sustainability reports, participating in the formulation of association standards such as *the General Rules for Environmental, Social and Governance (ESG) Information Disclosure of Mining Enterprises*, *the Guidelines for Environmental, Social and Governance (ESG) Evaluation of Iron and Steel Enterprises*, and *the Guidelines for Environmental, Social and Governance (ESG) Special Reports of Iron and Steel Enterprises*, and conducting social responsibility/ESG training programs.

### Case: Preparation of Baogang Steel's 2025 Sustainability Report

On January 15, 2026, The Company held a special training session on environmental, social and governance (ESG) matters and a kick-off meeting for the preparation of its 2025 Sustainability Report. The meeting provided in-depth explanations from six aspects, including the core principles for sustainability report preparation, the methodology for double materiality assessment, and the "four-pillar" disclosure framework, providing ideas and guidance for improving the Company's ESG management.



Baogang Steel held a special ESG training session and a kick-off meeting for the preparation of its 2025 Sustainability Report

## Stakeholder communication

The Company attaches great importance to stakeholder management. The Company has established regular communication channels with all stakeholders so as to promptly understand the expectations and demands of government and regulatory authorities, shareholders, employees, customers, suppliers, the public, and the media. Through various measures, the Company actively responds to these expectations and concerns and incorporates them into its operations and strategic decision-making processes, safeguarding stakeholders' rights to be informed, to participate, to express opinions, and to exercise oversight.

Stakeholder	Expectations and Demands	Communication and Response
Government and Regulatory Authorities	<ul style="list-style-type: none"> <li>Compliance in operations</li> <li>Tax payment in accordance with the law</li> <li>Anti-corruption and integrity promotion</li> <li>Pollution prevention and control</li> <li>Work safety</li> </ul>	<ul style="list-style-type: none"> <li>Improve corporate governance</li> <li>Strengthen compliance management</li> <li>Consciously accept supervision</li> <li>Actively fulfill tax obligations</li> <li>Strengthen integrity development</li> <li>Comply with laws and regulations</li> <li>Promote green production and</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>Related-party transactions</li> <li>Transparency of information disclosure</li> <li>Corporate governance</li> <li>Investor relations management</li> <li>Investment returns</li> </ul>	<ul style="list-style-type: none"> <li>Establish a pricing adjustment mechanism for related-party transactions</li> <li>Disclose information in accordance with the law</li> <li>Convene shareholders' meetings</li> <li>Establish multi-channel communication platforms</li> <li>Participate in investor communication activities</li> </ul>
Employee	<ul style="list-style-type: none"> <li>Protection of employee rights and interests</li> <li>Occupational health and safety</li> <li>Vocational training and development</li> <li>Compensation and benefits protection'</li> <li>Employee care</li> </ul>	<ul style="list-style-type: none"> <li>Improve protection mechanisms</li> <li>Standardize workplace safety management</li> <li>Carry out regular employee training</li> <li>Conduct employee satisfaction surveys</li> <li>Provide assistance to employees in difficulty</li> <li>Convene employee representative congresses</li> <li>Organize a variety of cultural and sports activities</li> </ul>
Customer	<ul style="list-style-type: none"> <li>Product quality</li> <li>Customer privacy protection</li> <li>Customer service</li> </ul>	<ul style="list-style-type: none"> <li>Conduct product innovation and R&amp;D</li> <li>Apply intelligent technologies</li> <li>Strengthen the product quality management system</li> <li>Standardize information security management</li> <li>Conduct customer satisfaction surveys</li> </ul>
Suppliers and partners	<ul style="list-style-type: none"> <li>Fair competition</li> <li>Eliminate commercial bribery</li> <li>Responsible procurement</li> <li>Supplier management</li> <li>Win-win cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Improve the supplier onboarding mechanism</li> <li>Strengthen the routine management of suppliers</li> <li>Participate in industry exchanges</li> </ul>
The public	<ul style="list-style-type: none"> <li>Public welfare and charity</li> <li>Pollution prevention and control</li> </ul>	<ul style="list-style-type: none"> <li>Organize and participate in public welfare activities</li> <li>Promote green production and operations</li> </ul>
Media	<ul style="list-style-type: none"> <li>Compliance in operations</li> <li>Information transparency</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen communication and exchanges with the media</li> <li>Consciously accept media supervision</li> <li>Improve the timeliness and quality of information</li> </ul>

## Substantive issue identification

In 2025, in accordance with the latest international disclosure standards such as the *European Sustainability Reporting Standards (ESRS)* and *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information*, and in strict compliance with the requirements of the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*, Baogang Steel carried out a double materiality assessment. On the basis of its previous impact materiality assessment, the Company incorporated a financial perspective, fully included the views of multiple departments and stakeholders, comprehensively analyzed the impacts of ESG topics on the Company's finances and on the economy, environment, and society, and provided focused responses in this report to 12 topics deemed financially material.

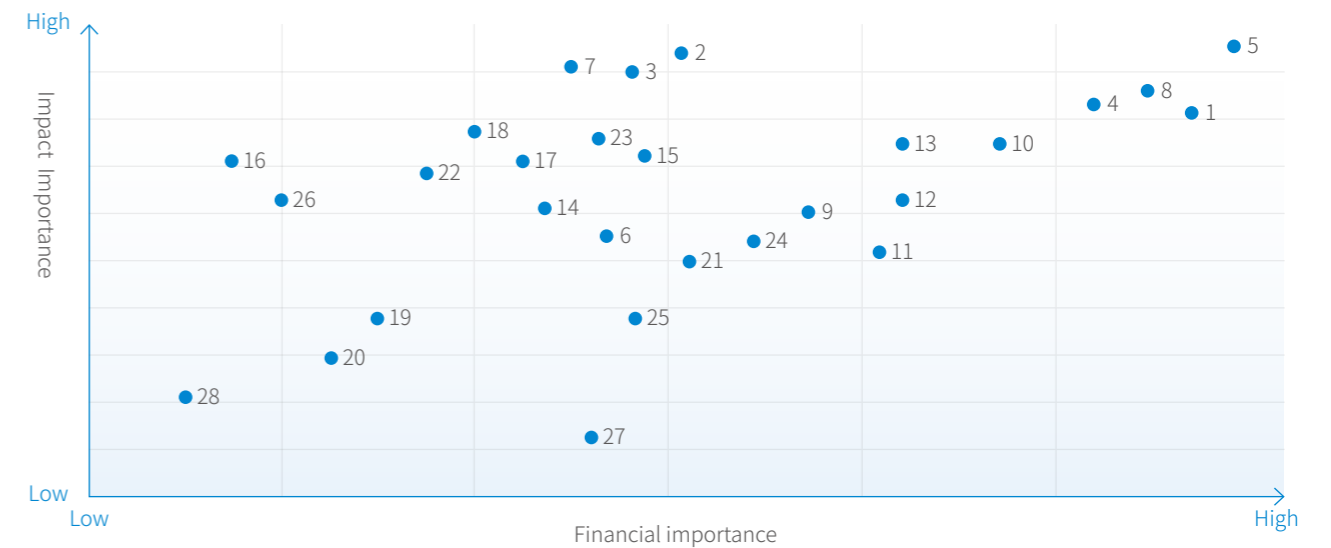
## Dual materiality assessment process



## Material issue database

- |  |  |  |   |
|--|--|--|---|
| 1. Environmental compliance management   | 8. Energy utilization                      | 15. Digital transformation                           | 22. ESG Management of the Supply Chain    |
| 2. Waste disposal                        | 9. Work safety                             | 16. Support industry                                 | 23. Stakeholder communication             |
| 3. Pollutant emission                    | 10. Innovation driving                     | 17. Rural revitalization                             | 24. Anti-bribery and anti-corruption      |
| 4. Utilization of water resources        | 11. Employee                               | 18. Social contribution                              | 25. Anti-unfair competition               |
| 5. Combat with climate change            | 12. Product and service safety and quality | 19. Equal treatment for small and medium enterprises | 26. Leadership of Party building          |
| 6. Circular economy                      | 13. Supply chain security                  | 20. Data security and customer privacy protection    | 27. Due diligence                         |
| 7. Ecosystem and Biodiversity Protection | 14. Provide high-end products              | 21. Compliance management and risk prevention        | 28. Technology Ethics and risk prevention |

## ESG materiality issue matrix



## ESG Honors

In 2025, Baogang Steel received a Wind ESG "A" rating for the second consecutive year.

Baogang Steel was recognized by the China Association for Public Companies with the honors of "Excellent Practice Case for Boards of Directors of Listed Companies," "Best Practice of Board Office of Listed Companies 2025," and "Excellent Practice Case for Sustainable Development of Listed Companies."

Baogang Steel was included in the "Top 100 State-owned ESG Pioneer Listed Companies in China (2025)" list.

Baogang Steel's ESG rating was upgraded to "A."

## Future prospects

Carry forward past achievements and embark on a new journey. 2026 marks the opening year of the 15th Five-Year Plan period. It is also a pivotal year for Baogang Steel to consolidate its foundations, build development momentum, and pursue breakthroughs on the path of high-quality development. We will unswervingly advance the strategy of "premium steel products + a series of rare-earth steel products." With firm confidence, broader vision, united strength, and pragmatic action, we will harness innovation to build growth momentum and deepen reform to improve operational quality and efficiency. Amid the tide of our times to build a world-class enterprise, we will forge ahead with determination, strive to create a new development landscape for Baogang Steel that is of higher quality, greater efficiency, and stronger sustainability, and write a magnificent new chapter of leapfrog development in the new era.

# Appendix

## Key performance

	Key Indicators	Unit	2023	2024	2025
<b>Economic performance</b>					
Operating performance	Operating revenue	RMB 10,000	7,056,538.86	6,808,944.06	6,635,752.40
	Operating costs	RMB 10,000	6,370,751.60	6,272,606.36	5,994,677.60
	Operating profit	RMB 10,000	50,870.36	9,857.08	59,457.97
	Total profits	RMB 10,000	42,026.04	8,583.63	49,043.59
	Net profit	RMB 10,000	2,960.42	2,074.89	38,569.82
Innovation driving	R&D investment	RMB 10,000	376,551.82	371,955.43	336,726.04
	Proportion of RD investment in business revenue	%	5.34	5.46	5.07
	Number of R&D employees	Person	2,032	1,997	3,182
	Proportion of R&D employees	%	7.51	7.91	12.59
	Total number of valid patents	Item	2,015	2,316	2,721
	Number of patent applications	Item	774	892	1,002
	Number of newly granted patents during the year	Item	440	324	348
Number of newly granted invention patents during the year	Item	70	117	98	
<b>Environmental performance</b>					
Environmental compliance management	Environmental protection investment	RMB 100 million	56.60	37.71	35.50
	Number of environmental pollution incidents	Item	0	0	0
	Percentage of sites covered by environmental risk assessment	%	100	100	100
	Percentage of sites certified to ISO 14001 environmental management system	%	100	100	100
	Training coverage rate for employees engaged in environmental-related work	%	100	100	100
Energy consumption	Total energy consumption	tonnes of standard coal equivalent	9,846,615.58	9,431,287.00	9,811,905.23
	Comprehensive energy consumption per tonne of steel	tce/t of crude steel	677.95	629.11	623.72
	Total fuel oil consumption	Ton	37,669.76	38,225.08	35,923.02
	Diesel consumption	Ton	37,602.94	38,156.71	35,873.72
	Gasoline consumption	Ton	66.82	68.37	49.30
	Coal consumption	Ton	9,912,620.49	9,782,357.68	10,037,774.87
	Natural gas consumption	cubic metres	83,860,824.00	98,269,505.00	70,059,360.00
	Total electricity consumption	100 million kWh	100.26	86.53	83.31
	Waste heat energy consumption	tonnes of standard coal equivalent	767,121.24	867,641.35	812,587.89

	Key Indicators	Unit	2023	2024	2025
	Self-generated electricity	100 million kWh	52.44	65.46	68.53
	Installed self-owned clean energy generation capacity (photovoltaic power generation)	MW	41.45	41.45	41.45
	Annual self-owned clean energy generation (photovoltaic power generation)	10,000 kWh	2,646.00	2,943.95	4,261.34
Utilization of water resources	Total water consumption	10,000 m <sup>3</sup>	295,961.88	285,034.53	261,484.40
	Freshwater consumption	10,000 m <sup>3</sup>	6,535.00	5,801.73	5,201.33
	Fresh water consumption per ton of steel	10,000 m <sup>3</sup>	4.3	3.87	3.33
	Recirculating water volume	10,000 tonnes	289,426.88	279,232.80	256,283.07
	Water reuse rate	%	97.79	97.96	98.01
Pollutant emission	Nitrogen oxides (NOX) emissions	Ton	12,018.92	9,518.76	8,926.64
	Sulfur dioxide (SO <sub>2</sub> ) emissions	Ton	5,944.69	4,003.80	4,004.00
	Sulphur dioxide emission per ton of steel	kg/t of crude steel	0.39	0.27	0.26
	Particulate matter emissions	Ton	7,250.31	5,390.29	5,111.17
	Chemical oxygen demand (COD) emissions	Ton	130.72	44.27	31.45
	Ammonia nitrogen (NH <sub>3</sub> -N) emissions	Ton	4.09	3.04	1.99
	Chemical oxygen demand (COD) emission intensity	kg/tonne of steel	0.0085	0.003	0.002
	Dust and particulate emissions per ton of steel	kg/t of crude steel	0.48	0.36	0.32
	Ammonia nitrogen (NH <sub>3</sub> -N) emission intensity	kg/tonne of steel	0.0003	0.0002	0.0001
Waste disposal	Total waste generated	10,000 tonnes	1,063.80	1,323.69	1,442.13
	General waste generated	10,000 tonnes	1,051.80	1,300.90	1,429.95
	Total non-hazardous waste generated per RMB million of revenue	Ton	149.05	191.06	215.49
	Recycled amount of general waste	10,000 tonnes	714.88	959.13	1,135.20
	Hazardous waste generated	10,000 tonnes	12.00	22.79	12.18
	Total hazardous waste generated per RMB million of revenue	Ton	1.70	3.35	1.84
Cleaner production	Recycled amount of hazardous waste	10,000 tonnes	9.14	13.11	11.65
	Comprehensive utilization rate of steel slag	%	100	100	100
	Recovery and utilization rate of dust and sludge	%	100	100	100
	Green coverage rate of plant areas	%	50.1	50.1	50.1

	Key Indicators	Unit	2023年	2024年	2025年
<b>Social performance</b>					
Protection of rights and interests of employees	Labor contract signing rate	%	100	100	100
	Proportion of employees covered by collective agreements	%	100	100	100
	Social insurance coverage rate	%	100	100	100
	Total number of employees	Person	27,274	25,432	25,284
	Number of part-time employees	Person	0	0	0
	Number of ethnic minority employees	Person	2,228	2,139	2,198
	Turnover rate of employees	%	0.37	0.35	0.28
	Number of employees in difficulty receiving assistance	Person	756	339	12
	Average days of paid leave per employee	Day	12	12	12
	Number of recruited demobilized veterans	Person	0	45	36
	Proportion of employees with disabilities	%	-	1.83	1.62
	Number of discrimination- and harassment-related incidents	Cases	0	0	0
	Proportion of employees receiving training on anti-discrimination and anti-human rights violations	%	25	25	25
Career development and training	Employee training coverage rate	%	100	100	99
	Total employee training hours	Hours	6,035,979	5,732,354	4,500,000
	Average training hours per employee	Hours	226	225	152
	Proportion of employees receiving occupational and skills training	%	100	100	100
	Coverage rate of occupational health examinations	%	100	100	100
Occupational health and work safety	Incidence rate of occupational diseases <sup>1</sup>	%	0.013	0.000	0.007
	Work-related injury insurance investment	RMB 10,000	2,122	2,274	3,161
	Coverage rate of work-related injury insurance	%	100	100	100
	Rate of special operators with corresponding certificates	%	100	100	100
	Investment in production safety	RMB 10,000	16,100	20,300	25,178
	Participant-times in work safety training	Person-time	176,720	186,060	173,063
	Hours of work safety training	Hours	1,967,555	2,083,872	1,959,287
	Average work safety training hours per employee	Hours	71.6	78.3	78.4
	Coverage rate of safety risk protection training	%	100	100	100
	Product and service safety and quality	Number or percentage of products withdrawn or recalled for health and safety reasons	%	0	0
Customer satisfaction		%	96.87	97.17	97.84

<sup>1</sup> Due to the optimization of the statistical methodology, the incidence rate data for occupational diseases for the relevant years have been updated, and the 2023 data have been adjusted in accordance with the latest methodology.

	Key Indicators	Unit	2023年	2024年	2025年
Supply chain security	Number of suppliers	Units	1,462	1,632	1,679
	Number of suppliers in Mainland China	Units	1,459	1,632	1,679
	Number of suppliers subject to ESG-related audits or assessments, including corporate social responsibility and environmental reviews, during the year	Units	1,462	1,632	1,679
	Proportion of procurement orders placed through the tendering and procurement platform	%	100	100	100
	Social contribution	Total volunteer service hours	Hours	900	11,730
Average volunteer service hours per employee		Hours	4.5	2.5	2.26
<b>Governance Performance</b>					
Corporate governance	Proportion of independent directors	%	45.45	36.36	33.33
	Proportion of female directors	%	9.09	18.18	16.67
	Number of board of directors meetings held	Times	14	14	17
	Board attendance rate	%	100	100	100
	Number of directors attending fewer than 75% of meetings	Person	0	0	0
	Number of Audit Committee meetings	Times	7	10	9
	Number of meetings of the Nomination, Remuneration and Assessment Committee	Times	4	1	3
	Proportion of women among senior executives	%	20.00	16.67	20.00
	Proportion of operating sites assessed for corruption risks	%	100	100	100
	Total number of directors receiving anti-bribery and anti-corruption training	Person	12	12	12
	Percentage of directors receiving anti-bribery and anti-corruption training	%	100	100	100
	Total number of management personnel receiving anti-bribery and anti-corruption training	Person	/	/	768
	Percentage of management personnel receiving anti-bribery and anti-corruption training	%	100	100	100
	Total number of employees receiving anti-bribery and anti-corruption training	Person	27,274	25,432	25,284
	Percentage of employees receiving anti-bribery and anti-corruption training	%	100	100	100
	Shareholding ratio of senior executives	%	0	0	0
	Share pledge ratio	%	18.02	13.91	15.81

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Innovation Engine Driving Value Enhancement	R&D Breakthroughs and Innovation in Rare-Earth Products	GRI203	S2.1.1-2.1.3,S2.1.12-2.1.13
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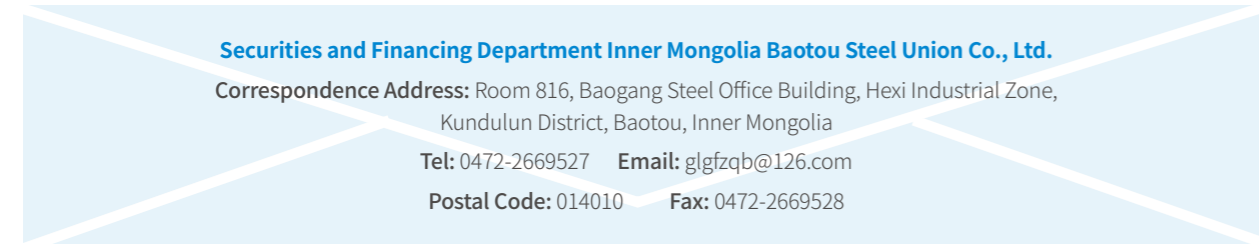
## Shanghai Stock Exchange, "Self-Regulatory Guidelines No. 14 for Listed Companies – Sustainability Report (Trial)"

Topic	Corresponding provisions	Relevant sections of this report
Combat with climate change	Articles 21 to 28	Green Transformation for a Low-carbon Future—Climate Action and Low-carbon Transition
Pollutant emission	Article 30	Green Transformation for a Low-carbon Future—Cleaner Production and Pollution Prevention and Control
Waste disposal	Article 31	Green Transformation for a Low-carbon Future—Cleaner Production and Pollution Prevention and Control
Ecosystem and Biodiversity Protection	Article 32	Green Transformation for a Low-carbon Future—Ecological Restoration and Harmonious Coexistence
Environmental compliance management	Article 33	Green Transformation for a Low-carbon Future—Cleaner Production and Pollution Prevention and Control
Energy utilization	Article 35	Green Transformation for a Low-carbon Future—Resource Circularity with Efficiency at the Core
Utilization of water resources	Article 36	Green Transformation for a Low-carbon Future—Resource Circularity with Efficiency at the Core
Circular economy	Article 37	Responsibility Topic III: "Resource Symbiosis, Strategic Resource Security and Green Development"
Rural revitalization	Article 39	Co-building and Sharing to Reinforce the Foundations for Development—Community Co-building and Local Commitment
Social contribution	Article 40	Co-building and Sharing to Reinforce the Foundations for Development—Community Co-building and Local Commitment
Innovation driving	Article 42	Innovation Engine Driving Value Enhancement—R&D Breakthroughs and Innovation in Rare-Earth Products
Technology Ethics	Article 43	During the reporting period, the Company's information and digital technology applications were mainly focused on such areas as optimization of steel production processes and intelligent equipment monitoring. The Company did not engage in scientific research or technology development activities in technology ethics-sensitive fields such as life sciences or underlying artificial intelligence algorithms.
Supply chain security	Article 45	Innovation Engine Driving Value Enhancement—Supply Chain Transmission and Responsible Procurement
Equal treatment for small and medium enterprises	Article 46	During the reporting period, the Company did not have a balance of accounts payable (including notes payable) exceeding RMB 30 billion, nor did such balance account for more than 50% of total assets.
Product and service safety and quality	Article 47	Innovation Engine Driving Value Enhancement—Strengthening Quality Foundations and Elevating the Brand
Data security and customer privacy protection	Article 48	Innovation Engine Driving Value Enhancement—Strengthening Quality Foundations and Elevating the Brand
Employee	Article 50	Co-building and Sharing to Reinforce the Foundations for Development—Employee Development and Rights Protection
Due diligence	Article 52	Sound Governance for Steady Development—Strengthening Compliance and Guarding Against Risks
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Anti-bribery and anti-corruption	Article 55	Sound Governance for Steady Development—Strengthening Compliance and Guarding Against Risks
Anti-unfair competition	Article 56	Sound Governance for Steady Development—Strengthening Compliance and Guarding Against Risks

# Feedback

Dear Readers,

Dear Reader, Thank you for reading the 2025 Sustainability Report of Inner Mongolia Baotou Steel Union Co., Ltd. To strengthen communication and exchanges with stakeholders and further improve the Company's ability and performance in fulfilling its social responsibilities, we sincerely invite you to complete this feedback form, share your valuable opinions and suggestions with us, and return your feedback to us through any of the following channels.



## 1. Which of the following stakeholder groups do you belong to?

- Shareholder  Partner  Company management  Employee  Customer  Supplier  
 Government department / regulatory authority  Community organization / non-governmental organization  
 Industry and association partners, industry associations, and research institutions  News media  Other (please specify)

## 2. Your general impression of this Report:

- Excellent  Good  Fair  Poor  Very poor

## 3. How would you evaluate Baogang Steel's practices in environmental protection?

- Excellent  Good  Fair  Poor  Very poor

## 4. How would you evaluate Baogang Steel's practices in social responsibility?

- Excellent  Good  Fair  Poor  Very poor

## 5. How would you evaluate Baogang Steel's practices in corporate governance?

- Excellent  Good  Fair  Poor  Very poor

## 6. Do you consider the information disclosed in this report to be complete?

- Excellent  Good  Fair  Poor  Very poor

## 7. Do you consider the content and layout of this report to be clear and easy to understand?

- Excellent  Good  Fair  Poor  Very poor

## 8. Do you consider this report able to meet your reading needs?

- Excellent  Good  Fair  Poor  Very poor

## 9. Do you have any other opinions or suggestions on how Baogang Steel can improve and further advance its ESG philosophy and this report?



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