Beijing Shougang Co.,LTD

2020 Social Responsibility Report

28 April 2021

Preface

I Definitions

The Company, the Group, Shougang, Shougang	Beijing Shougang Company Limited
Co.	
The Articles of Association	The Articles of Association of the Company
Qiangang Co.	ShougangQian'anIron&Steel Co., Ltd. (Branch of the
	Company)
Cold-R Co.	Beijing Shougang Cold Rolling Co., Ltd. (Holding
	subsidiary of the Company, holds 70.28%)
Zhixin Co.	ShougangZhixinQian'an Electromagnetic Materials
	Co., Ltd. (Wholly-owned subsidiaries of the
	Company)
New-E Co.	Beijing Shougang New Energy Automobile Material
	Technology Co., Ltd. (Holding subsidiary of the
	Company, holds 47.4%)
Qian'an Metallurgical Co.	Qian'anShougang Metallurgical Technology Co., Ltd.
	(Wholly-owned subsidiaries of the Company)
Steel Trading Co.	Beijing Shougang Steel Trading Investment
	Management Co., Ltd.(Holding subsidiary of the
	Company, holds 51%)
Qianshun Base	Qiangang Co, Zhixin Co., located in Qian-an, Hebei
	province, and Cold-R Co., located in Shunyi District,
	Beijing, establishing an up-stream and downstream
	integrate production management system and research
	and development system.
Jingtang Co. / Jingtang Base.	ShougangJingtang United Iron&Steel Co., Ltd.
	(Holding subsidiary of the Company, holds 51%; Steel
	Trading Co., holds 29.8177%)
Reporting Period	From 1 January 2020 to 31 December 2020

II Scope of Report

This "Beijing Shougang Co., Ltd. Social Responsibility Report 2020" covers the performance of the Shougang Co. and its holding subsidiaries in 2020.

Note: This report is prepared based on the Chinese text and is prepared in both Chinese and English versions. In the event of any discrepancy between the Chinese and English versions, please subject to Chinese text.

Section I.Overview

Shougang Co. was exclusively initiated by ShougangCorporation (renamed as Shougang Group in 2017), it was established by social fundraising and was listed on the Shenzhen Stock Exchange in December 1999. The Company's registered capital is RMB5.2893896 billion.

The theme of "scientific development", the main line of "accelerating the transformation of economic development mode", and the goal of "the first-class products, the first-class management, the first-class environment, the first-class benefits" have always been adhered by ShougangCo. The Company lays equal stress on social benefits, environmental protection and economic benefits, makes great efforts in energy efficient utilization, energy saving and emission reduction, insists on down-to-earth, fine and demanding attitude, strives to build a digital steel enterprise, and tries to build a world-class green steel company with employees, enterprises, society and environment for common development.

Section II. Protection of Shareholders' rights

I. Corporate governance

1. Corporate governance framework

According to requirements of the Company Law, Securities Law, Guidelines for the Governance of Listed Companies and Guidelines for the Standardized Operation of Listed Companies on the Shenzhen Stock Exchange and other relevant laws, regulations, and regulatory documents, the Company continues to deepen standardized operations, strengthen scientific governance, and create innovative and interactive communication channels, maintain good investor relationships, constantly improve the internal control system and the construction of a comprehensive risk management system, strictly fulfill the obligation of information disclosure, and effectively increase the quality of corporate governance operations. The Company has a corporate governance structure such as general meeting of shareholders, board of directors, board of supervisors and board of management. In 2020, the Company continues to improve its management system and organizational structure in accordancewith market changes, operational productions and development needs. During the reporting period, the Company has 6 holding subsidiaries: ShougangJingtang United Iron & Steel Co., Ltd., Beijing Shougang Cold Rolling Co., Ltd., ShougangZhixinQian'an Electromagnetic Materials Co., Ltd., Beijing Shougang New Energy Automobile Material Technology Co., Ltd., Qian'anShougang Metallurgical Technology Co., Ltd., and Beijing Shougang Steel Trading Investment Management Co., Ltd.

2. Independence of the Company in terms of business, personnel, assets, institutions, finance, etc. relative to the controlling shareholders

The Company and its controlling shareholders maintain completely independence in terms of business, personnel, assets, institutions, finance, etc. The Company has a complete procurement, production, marketing and operational management system, has a complete product research and development institutions and personnel, and also has the ability of independent production and operation.

II. General meeting

In accordance with the Articles of Association and theRules of Shareholders' General Meetingsand

other related regulations, the Company determines the time and place for the general meeting, and issues notice for the shareholders' general meeting in accordance with regulations. The Company uses the methods of "on-site + online voting " to hold the general meeting of shareholders, to ensure that the matters submitted to the general meeting for consideration and approval are in compliance with the law and to ensure that shareholders, especially small and medium-sized shareholders can exercise their rights.

In 2020, the Company held two general meetings, and adopted 39 proposals such as the 2019 Annual Board Report of Beijing Shougang Co., Ltd., Beijing Shougang Co., Ltd.'s Proposal on the Company's Compliance with the Conditions for Public Issuance of Corporate Bonds and Renewable Corporate Bonds for Professional Investors and Compliance with the Conditions for Issuance of Ultra-Short-Term Financing Bonds, the Report on Related Party Transaction of Shares Issuing to Purchase Assets and Raising Supporting Funds in by Shougang Co. (Draft) and its summary of the motion, and etc.

The general	meetings	were held	l in	details	as follo	W.
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Sessions	Meeting type	Percentage of investor participation	Held Date	Disclosure Date	Show Index
2019 Annual General Meeting	Annual General Meeting	79.98%	23/6/2020	24/6/2020	China Securities Journal, Securities Times, Shanghai Securities News, Security Daily and CNINFO (http://www.cninfo.com.cn)
2020First Interim General Meeting	Interim General Meeting	79.98%	18/12/2020	19/12/2020	China Securities Journal, Securities Times, Shanghai Securities News, Security Daily andCNINFO (http://www.cninfo.com.cn)

III. Information disclosure

The Company performs its information disclosure obligations in accordance with relevant laws, regulations and regulatory documents, and the relevant provisions of the Shenzhen Stock Exchange. The Company establishes a normalized internal audit process for information disclosure, continuously improves the efficiency and quality of information disclosure, and ensures the truthfulness, accuracy, and completeness of information disclosure, and that there are no false records, misleading statements or major omissions. The Company should disclose information to investors in a timely and fair manner through the China Securities Journal, Shanghai Securities News, Securities Times, Security Dailyand CNINFO. In 2020, the Company disclosed 29 announcements and filed 385 documents (193 public disclosures and 192 registrations) with the Shenzhen Stock Exchange.

IV.Profitdistribution

Since the establishment of the Company, it has always attached great importance to the return of shareholders, and maintained the legitimate rights and interests of all shareholders, especially small and medium-sized shareholders. According to various regulations and related requirements issued by the regulatory authorities, the Company promptly revises and improves the terms of the

profit distribution policy in the Articles of Association, and strictly implements the approval procedures. The standard and proportion of the Company's cash dividend are clear and definite.

The plan for the Company's 2020 profit distribution is as follows: audited by Grant Thomton LLP, the net profit of parent company in 2020 is RMB 991,687,907.11, and after the withdrawal of 10% statutory surplus reserve of RMB 99,168,790.71, the profit available for distribution to investors for the year is RMB 892,519,116.40.

In consideration of the matter that the Company is currently promoting the events of related party transaction on share issuing to purchase assets and fundraising, the Company intends to review and arrange related profit distribution plan of 2020 in accordance with the provisions of relevant laws, regulations, rules, normative documents and Articles of Association as soon as possible after the implementation of this matter.

The proposal is subject to the approval of the shareholders' meeting.

V.Communication with investors

In 2020, according to the new Securities Law and the Shenzhen Stock Exchange's simultaneous revision of the Guidelines for the Standard Operation of Listed Companies, the Company has revised the Investor Relations Management System, the Information Disclosure Management System and other related systems to further standardize communication with investors. During the reporting period, the Company has organized and heldtelephone conferences in terms of business performance ofthe 2019, the first quarter of 2020 and the first half year of 2020to report the industry's development prospects, operation, production, and responded positively to the concerns of investors. At the same time, the Company also maintains communication with investors through the interactive trading platform of the Shenzhen Stock Exchange, the reception day for investors of listed companies in Beijing, and the daily telephone hotline to answer investors' consultations and other ways to maintain communication with investors, and answers investors' questions to ensure good communication between the Company and investors.

Section III. Protection of Employee's Rights and Interests

I.The protection of employees' interests

The Company strictly implements the provisions of national and local laws, regulations and normative documents, pays social insurance for all employeesunder the requirement of laws and regulations. Through the establishment of a perfect system, the rights and interests of employees, such as labor protection, labor compensation, break and vacation, could be ensured. For internal retired employees, the Company adjusts the basic pension of enterprise retirees with reference to Beijing Municipal Human Resources and Social Security Bureau every year to ensure the stable life of the retirees. For the purpose of the Company's transformation and improvement of work efficiency, the Company sticks to the people-oriented principle, makes the useof the separation and resettlement of employees, ensures that the relocated employees have stable emotion and work, in order to realize the harmonious development of employees and enterprises, and maintains the social harmony and stability.

The Company strictly abides by the Labor Law, Labor Contract Law and other laws, regulations and normative documents, and strictly implements the national regulations and standards in terms of social security and labor rights and interests of employees. Firstly, according to the policies and regulations for the filing of labor relationships, the labor contract signing rate is up to 100% and there is no illegal employment; The second is to pay employee compensation in full and on time and pay social insurance in accordance with the regulations; Third is to strictly implements the national working hours system, and performs the approval procedures in accordance with the regulations; The last one is to strictly implement policies for special groups such as work-related injuries, non-work-related injuries, female workers (pregnancy, childbirth, lactation) and etc.

The Company strictly implements the Special Regulations on Labor Protection of Female Employees, Provisions on the Scope of Taboo Work for Female Employees and other provisions, as well as various provisions of the Company's regulations on the labor protection for female employees, so as to achieve gender equality in equal pay for equal work, vocational education, technical training, promotion, participation in democratic management of enterprises and other ways. Female employees are organized to participate in female health lectures and conducted special physical examinations, with a general survey rate reached 100%, which safeguarded the health and legal rights of female employees.

II.Safety production

The Company conscientiously implements procedures under requirements of the Safety Production Law and other laws, regulations, and rules, firmly establishes the "people first, life first" safety concept, and raises a safety red-line awareness. The Company persists in taking safety culture as the guidance, casting roots and standing souls; taking safety standardization as the main line and standardizing guidance; taking the construction of "dual control" mechanism as the core; focusing on essential safety management, and improving efficiency and reducing risks. Besides, the Company strictly takes the main responsibility of enterprise safety, comprehensively promotes three-year special safety rectification, manages key people, key points, key things, and key times, and solidly promotes the modernization of the safety production governance system and governance capabilities, and improves the ability to prevent and resolves major safety risks.

For Qianshun Base,the first is to focus on basic management and standards, organize first-level standardized external audits, continue to promote the construction of safety production demonstration teams, and achieve the upgrading of basic safety management. The second is to file under the "dual control" mechanism, strengthen system supervision, increase full participation, data application, and implement online management and control of major hazards. The third is to take special rectification and intrinsic safety as the starting point, take the three-year action plan for special safety rectification as the outline, focus on key and difficult points, grasp key links, strengthen source governance, and establish a long-term mechanism to fundamentally eliminate potential accidents. The fourth is to consolidate the management of related parties as the bottom line, adhere to the main line of responsibility, performance, and due diligence, and manage related parties in a hierarchical, hierarchical, and classified manner. The fifth is to take innovative education and training as the main line, formulate aninternal training system, develop online education and training platforms, and carry out training lectures from leaders and professional.

The last one is to regard emergency rescue and emergency handling as the guarantee, consolidate the foundation of emergency management, standardize the emergency coordinated command system, process, evacuation routes, and emergency assembly points; improve emergency response capabilities, build emergency rescue teams, and strengthen the linkage and coordination system of professional departments; strengthen emergency response level and explore the sharing mode of emergency rescue equipment.

For Jingtang Base, the first is to unify employees' thoughts, strengthen the implementation of responsibilities, and improve the level of safety management. It is necessary that leaders take the leading roles in carrying out safety study in a daily basis based on the daily key maintenance plan, hierarchical management and control. The second is to further improve essential safety management, the idea of using essential methods to solve safety problems, and the ability of independent management. The third is to enhance the construction of the "dual control" mechanism for production safety. In response to changes in production stage, the Company should reorganize and identify safety risks, formulate management and control measures, and implement monitoring of major hazard source data. The fourth is to strengthen safety compliance management, continue to promote the integration of safety systems and daily work, and promote the development of safety management to scientific management. The Company could invite authoritative organizations and metallurgical safety experts to conduct joint diagnosis and discuss the ways and means to integrate the safety system with daily safety management work. The fifth is to carry out special rectification work with the goal of "No one is working in a dangerous working environment, efficiency increase but risk reduction, and risk isolation" as the goal. Special rectifications have been carried out in terms of prevention of hidden dangers, contact confirmation, limited space and gas operations, and good results have been achieved. The sixth is to promote typical practices, promote the implementation of management standards for related parties, and strengthen the safety management of maintenance and technical renovation projects.

III. Vocationaltraining

Based on the national and Beijing Vocational Skills Improvement Action Plans, Qianshun Base combined these plans with the Company's overall requirements of accelerating the construction of the first team. Qianshun Base regards quality improvement, capacity training, and talent appreciation as the core, focuses on pertinence, practicality, and value. At the same time, it adheres to the combination of theory and practice, study and summary, strengthens talent-driven, innovation-driven, lean-driven, cultivates problem culture, execution culture, and hardworking culture, builds a team with both integrity and ability, and continuously enhances corporate cohesion and team centripetal force. Qianshun Base has overcome the impact of the COVID-19 pandemic and other unfavorable factors throughout the year, optimized the internal and external training management mechanism, actively explored the combination of online and offline training, organized and completed more than 160 training projects throughout the year, providing a significant powerto support the Company's high-quality development.

Guided by the development of strategic planning, JingtangBase systematically plans to establish a training management system suitable for the construction of talent echelon. Based on the goal of cultivating "loyal, transparent and responsible" leadership, training and education job qualification

training were heldto improve their ability of performing their duties and overall quality. Jingtang Baseconducts various forms of employee training, such as temporary work in other organization, innovative studio projects, etc. The Company has conducted hierarchical and hierarchical training projects for leaders, carried out "gold medal team leaders" evaluation and selection, piloted the promotion of job procedures "promoting learning by examination", and consolidated the construction of grassroots teams. Besides, it innovatively implemented the "three-level skill competition" model, and was approved for independent evaluation qualifications for 54 types of work in Hebei Province, and the Company also has the qualifications for independent skill appraisal.

IV. Workers union activities

The Company conscientiously implemented all work requirements of the National Federation of Trade Unions, Beijing Federation of Trade Unions and Hebei Federation of Trade Unions, fully fulfilled the basic duties of the unions to safeguard the legitimate rights and interests of employees and serve the workers wholeheartedly. The Company insisted on taking serving the overall as the core, taking harmony as the goal, taking workers as the foundation, and focusing on the basic level, and has organized cultural and sports activities to enrich the cultural life of employees.

Qianshun Base (1) holds ShougangQian'an area 2020 Spring Festival Gala for celebrating theChinese New Year. The Gala showed the hundred-year journey of Shougang and actively created a healthy and harmonious working environment, which could be the embodiment of the spirit and culture life of ShougangQian'an area. There were 20,000 people participate in the Gala through the Wechat live broadcast. (2) organises employees to write Spring Festival couplets, calligraphy, and painting, and also hold billiards match andbadminton matchfor employees. Employees of Qianshun Base won the third place at the "Friendship Cup" top four football match. Qianshun Baseset up an association of song and dance and also carried out Healthy Walkingactivities in September for a month. (3) actively promoted health action for all employees to improve physical fitness and implement the healthy-care plan. In 2020, Qianshun Base provided free fitness card for employees as usual to encourage employees to participate in fitness activities.

Jingtang Base (1) focuses on the construction of organisation culture, promotes the improvement of employee ability, and stimulates the enterprisevitality. The Company has organized and carried out a series of activities, such as 10th Workers' Cultural Festival, Spring Festival Gala, Ring Factory Race, Football League, Fun Games, and Competition of Workers' Talent Alliance. It has also organized "Loyal to the true character, iron and steel to serve the country" and other scholarly Beijing and Tang Dynasty Reading Clubs. The activities of "Appreciation of Elegant Art Entering ShougangJingtang" and "Shougang-Dongfeng Nissan Automobile Cultural Festival" were held as well. The table tennis team won the men's team championship and the women's team championship in the table tennis league in Caofeidian District. In addition, the football team won the Shougang Employee Best Friends Cup Final Four Championship. (2) The Company has made every effort to build the "Workers' Soul Station", and won the name of Beijing Workers' Mind Station. The Company has promoted the "Magpie Bridge" project, created a "LOVEIN Caofeidian" dating platform, and organized group weddings for young employees. The labor

union of Jingtang Company was awarded the honorary title of "National Model Workers' Home". (3) The Company innovates working methods, for example, the "Warm Heart Jingtang" APP was designed, constructed and operated, the APP shortens the distance between employees through the Internet, and makes the labor union an all-day, full coverage "virtual home" for employees, and builds a close and caring "home" for employees.

Section IV. Honest Operation, Protection of Suppliers' and Customers' Rights and Interests

I.Operating in good faith according to law

QianshunBase strictly implements the job rotation management system for personnel with business disposal rights, checks risks against business process and risk positions, formulates preventive measures and incorporates them into the system, tightens and fastens the "cage" of the system. Combining institutional adjustments and business changes, the Company reorganizes the risk symptom in the business process, optimizes rights-related matters and risk management and control measures, and tightens the "cage" of the system. In addition, the Company strengthens the supervision of leaders to ensureintegrity in their professions, broadens the content and methods of anti-corruption education, and strengthens the ideological defense of party members and cadres by holding warning education conferences, anti-corruption co-construction conferences, special lectures, visits and exchanges, and preparation of "discipline based on cases" materials. It organized the theme culture month of "Incorruption culture in the heart, the breeze is full of shares". Various forms of integrity education activities are carried out, and the integrity concept of "cleanness and officialdom, diligence and integrity as a whole" is created. The atmosphere of "everyone thinks about integrity, everyone promotes integrity and everyone protects integrity" is created as well.

Jingtang Base strictly implemented the requirements of the anti-fraud system, carried out supervision around the operation power, carried out in-depth warning education on honesty, cultivated a culture of honesty, put an end to commercial bribery, created a transparent working environment, and effectively protected shareholders, suppliers, customers and consumers' interests. The Company focuses on improving the supervision work system, strengthening the restriction and supervision of the operation power, in-depth promoting the hierarchical management of anti-corruption risk prevention and control. It takes actions to promote the rotation of positions with business disposal power, coordinate the promotion of joint supervision, and effectively standardize the operation power. It vigorously promotes the construction of a transparent culture, carries out in-depth warning education of "taking the case as a reference and promoting reform through the case", enriches the content of transparent culture, strengthens publicity and reporting of transparent government, and reinforces the concept of transparent practice. It also deepens the activities of integrity co-construction, invites relevant parties to conduct forums and exchanges on co-construction of integrity, carries out incorruption practice notification activities, signs co-construction agreements on integrity, visits key integrity co-construction organizations, and builds a defense line against integrity.

The Company adheres to the operation in good faith according to laws. During the reporting period, there was no case that the Company and its directors, supervisors and senior managers were investigated by the competent authorities, imposed by the judicial authorities or discipline inspection departments, transferred to the judicial authorities or investigated for criminal responsibility. And no commercial bribery was found as well.

II.Protection of suppliers' and customers' rights and interests

1. Protection of suppliers' rights and interests

The Company actively does the following works: first, timely revises the Supplier Management Measures and Provisions on the Quality Management of Raw Materials and so on, improves the management system, and forms a closed-loop management of compliance procurement. The second is to adhere to the principles of equality, win-win, and development, and continuously improve supplier evaluation. The Company combined the principles with the procurement supply chain system, the supplier evaluation rules were re-formulated, and in accordance with the system requirements, evaluations, including on-time delivery rate of orders, quality, collaborative response, and excess freight, were evaluated fairly. The third is to carry out statistics on the functional materials and the quality of materials reflected by each base one by one to form a functional material audit plan to promote the simultaneous development of suppliers and the Company. The fourth is to actively build a green supply chain, in order to develop a circular economy and a low-carbon economy, and build a resource-saving, environment-friendly, low-carbon-oriented enterprise, organize and carry out green supply and LCA low-carbon work according to the plan, and realize the purchase of materials which are more environmentally friendly and more low-carbon.

2. Customers' Rights and Interests

The Company is oriented to meet the needs of users, regards the improvement of user experience as the core, focuses on value creation, creates service advantages, and improves service efficiency and quality. The Company has carried out 650 technical exchanges throughout the year, held SAIC Volkswagen, Dongfeng Nissan "Shougang Day" and other activities, carried out online live broadcasts of pickling board customer seminars, innovated technical marketing methods, and strengthened product promotion. Besides, the Company is committed to improving the construction of the customer service system, optimizing the allocation of service resources, and setting up a major customer service team for automotive plates for key auto companies. It continues to promote the classification, division, and hierarchical management of the customer service system, and uses theplatform of regular meeting to establish a problem tracking and listing supervision mechanism to improve the efficiency of problem handling; improves the capacity of the processing and distribution service system, establishes an efficient and coordinated working mechanism for headquarters, regional companies, and processing centers. The ability to guarantee the supply of automotive sheet processing and distribution has been effectively improved, and the service support role of processing centers has become increasingly prominent. In addition, the Company improves customer complaint management, promotes centralized and unified management of customer complaints, strengthens problem tracking, listing supervision, and coordinated research work mechanisms for outstanding problems, and improves the efficiency of problem handling.

The Company insists on carrying out fair cooperation with customers in accordance with the requirements of transparent government construction to ensure legal and compliant marketing. It has strengthened the anti-corruption risk prevention and management work, and has signed an agreement on the construction of a transparent government with customers and carrier fleets; actively explored and innovatedtransparent government education methods, continuously improved the coverage, pertinence, and effectiveness of transparent government education, and arranged normal warning education of "taking cases as a mirror and using cases to promote reform". In accordance with the Post Rotation Management System for Persons with Business Disposal Rights, the risk prevention and control manual was revised. Additionally, the Company has explored the use of intelligent marketing, 3PL office systems and other information methods, opened up the supervision and reporting channels for customers and service management objects, and formed a new model of all-day supervision without blind spots. The "manufacturing + service" capability is increasingly recognized by the market and customers.

III. Liabilities for product quality

Qianshun Base implements a project, called the Quality Improvement Year, aiming at focusing on the "Double Ten" problem resulted from customer care and bottlenecks in the production line, carries out quality inspections, adheres to the plate meetings mechanism, and supervises key tasks. During the whole reporting period, the Company supervised the implementation of the plate meetings and arranged 23 key tasks, and 19 closed-loop projects. The Company has intensified quality inspections throughout the year, carried out a total of 50 quality inspections, inspected a total of 404 items, carried out follow-up re-inspection of unqualified items, and implemented assessments. Focusing on the quality problems and customer complaints exposed in the product manufacturing process, Qianshun Base investigates the gaps in quality management, achieves clear standards, matches processes, and operates norms, and continuously improves the quality management level. Product quality costs have dropped by 3.1% year on year. Through quality training activities such as product awareness, defect awareness training, and quality arena, the Company has enhanced problems-solving capacity, and fully completed the goal and task of continuously improving user satisfaction and continuous improvement of quality management throughout the process.

Jingtang base carries out quality system training at all levels, improves personnel's thoughts, and promotes the transformation of quality control from "results" to "results + process". It established 407 key control points in 47 processes of iron and steel rolling, vigorously promoted process determination and actual application of SPC, and the completion rate of Cpk≥1.0 improved significantly. Besides, the Company insists on breaking through the bottleneck of quality internally. It has carried out research on ten major defects, and reduced the production rate by 0.27 percentage; and solved the complaints of external users, implemented the "unlisting" model, 191 listings for the whole year, achieved 171 unlistings. Consequently, significant improvement has been achieved on the issues of frequent complaints from users.

Section V. Environmental Protection and Green Development

In accordance with the Clean Production Promotion Law and other laws and regulations, as well as local government regulations and regulatory documents, the Company has established a perfect professional management organization and environmental protection management system, adheres

to the long-term mechanism of environmental protection and green development, strictly abides by various laws and regulations related to environmental protection, improves professional management system, job operating procedures and operating records of environmental protection facilities, and ensures the environmental protection facilities operate efficiently. During the reporting period, all pollutants were discharged in compliance with the standards, with the completion rate of 100% for the total amount of pollutants and 100% for the environmental protection of pollutants. The synchronous operation rate of environmental protection equipment is 100%. The Company has no major environmental protection or other major social safety problems.

I.Emissions of pollutants

The pollutants produced by the Company have all organized and meet the standard emissions. For the detailed emissions in 2020, please refer to the attached table.

II.Construction and operation of pollution prevention facilities

According to the ultra-low emission standards for pollutants from the iron and steel industry in the nation and Hebei Province, the Company has completed the "2020 Green Action Plan", actively adapt various new environmental protection technologies to transform environmental protection facilities, initiated 10 environmental protection projects, set up a project leadership group, held regular project promotion meetings, coordinated and resolved existing problems, and promoted the progress of green projects. By the end of the reporting period, 9 projects had been completed and the remaining 1 project had been set up and is in the process of demonstrating the programme.

Through a series of measures such as improving the environmental protection management system, insisting on daily inspection and implementing problem rectification, the daily production operation and operational control of environmental protection facilities are continuously strengthened, and the environmental protection facilities and production facilities operate synchronously and stably. The Company strengthens the maintenance and management of environmental protection facilities, and conducts simultaneous maintenance of main production facilities and environmental protection facilities such as desulfurization, denitrification, dust removal, wastewater treatment and so on. After self-monitoring and supervision by the environmental protection department, all kinds of pollutants 100% reach the pollution standard.

Jingtang Co. has built a total of 200 waste gas treatment facilities to effectively treat all kinds of waste gas. Dust is treated in two ways: bag dust removal and electric dust removal; coke oven flue gas adopts ammonia desulphurisation + medium and low temperature SCR denitrification process; sintering and pellet adopts circulating fluidised bed desulphurisation + medium and low temperature SCR denitrification process; self-provided power plant desulphurisation adopts seawater desulphurisation + SCR denitrification process. A total of 14 sets of major wastewater treatment facilities were built, including coking phenol cyanide wastewater treatment system, continuous casting wastewater treatment system, hot rolling, cold rolling, medium thickness plate, steel rolling wastewater treatment system and comprehensive wastewater treatment station, etc. After treatment, clean water is reused in combination with rich seawater desalination water to achieve zero wastewater discharge in a coupled manner. A total of 7 sets of solid waste treatment

facilities were constructed. Construction of comprehensive utilization facilities for coal, construction of 6 x 600,000 tonnes/year slag fine grinding cement production line, transforming blast furnace water slag from the steel mill into high quality cement raw material by adopting new processing technology. Construction of 250,000 tonnes/year of steelmaking primary dust ash pellet making project to be utilised as steelmaking slag coolant. At present, all environmental protection facilities in Jingtang are running well and all processes of the whole process have reached ultra-low emission standards.

The Cold-RCo. constructs annealing furnaces and gas boilers that use natural gas as fuel, andreduceswaste gas pollution from the source, constructs 11 sets of waste gas treatment facilities such as oil mist purification system and acid mist purification system, and all waste gas meets the emission standards; The Companyconstructs 1 wastewater station, through four systems including acid-containing wastewater treatment system and dilute alkali wastewater treatment system, all the wastewater are discharged after reaching the standard. In terms of noise prevention and control, low-noise equipment and vibration reduction measures are adopted. Silencers are installed at the outlets of the iron oxide powder depot; air compressors, nitrogen compressors and other equipment are installed inside of the factory, and soundproof covers are settled, and noise reduction tower is constructed at the outlet of nitrogen generators; vibration and noise reduction and sound insulation measures are used in the boiler room; 3silencers are installed at the outlet to minimize noise pollution. The environmental protection facilities mentioned above are operating well and all pollutants are discharged up to the standard.

Zhixin Co. has dealt with waste gas, odor, noise control, soil pollution prevention, dust emission and other aspects. The Company has carried out 2 key environmental protection renovation projects for the dust suppression device project of ShougangZhixinQian'an Electromagnetic Material Co., Ltd. and the renovation of the Zhixin canteen flue detection platform. The Company's existing environmental protection facilities are all in stable operation, and pollutants are discharged to the standard.

III. Construction of environmental impact assessment of projects and other environmental protection administrative permits

In order to further implement energy conservation and emission reduction as well as enhance the corporate environmental image, the Company invested various projects such as Qiangang Co.Dust-removing Environmental Management Project and Qiangang Co.Whitening Water and Exhausted Steam for Blast Furnace Slag Project, whichhave been registered on the registration form of construction project environmental impacts. In September 2017, the Company obtained a new version of the sewage permit issued by the Tangshan Environmental Protection Bureau. In August 2020, the extension of the pollution discharge permit was completed, and the validity period was extended to 2025.

JingtangCo. adheres to the equally importance principle of production development and environmental protection, evaluates the environmental impact assessment project strictly in accordance with the Environment Impact Assessment Act of China, constructs strictly in

accordance with the EIA approval during the implementation of the project. All construction projects are supported by construction of environmental protection facilities, to meet the "Three Simultaneous" management requirements for environmental protection. In April 2006, the Company obtained the environmental impact assessment approval from the Ministry of Environmental Protection (formerly the State Environmental Protection Administration(State Environmental Assessment [2006] No. 181). In May 2010, it obtained the approval of the Ministry of Environmental Protection to change the environmental impact assessment (State Environmental Assessment [2010] No. 11). In January 2012, it obtained the trial production approval from Hebei Provincial Environmental Protection Department (HubeiEnvironmental Assessment [2012] No. 17). In January 2014, it obtained the environmental protection acceptance approval for the completion of the first phase of the Ministry of Environmental Protection (State Environmental Assessment [2014] No. 4). In December 2014, it obtained a pollutant emission permit issued by the Hebei Provincial Environmental Protection Department. In October 2015, it obtained the environmental impact assessment approval for the second phase of the Hebei Provincial Department of Environmental Protection (Hebei Environmental Assessment [2015] No. 359). In August 2017, the Company obtained a new version of the pollution discharge permit issued by the Tangshan Environmental Protection Bureau; it combined with the second-stage one-step construction project, the pollutant discharge permit was changed in April 2019, and the sewage outlet of the second-stage one-step project was included in standardized management. In April 2019, the Reply Letter on the Opinions on the Changes of the One Step of the Second Phase of Jingtang Co. (Hebei Environmental Assessment Letter [2019]No.465) was obtained from Hebei Provincial Department of Ecology and Environment. The extension of the pollutant discharge permit has been completed in August 2020, and the validity period will be extended to 2025.

In October 2017, Cold-R Co.is the first company that obtained the pollution discharge permit in Shunyi District, Beijing. In September 2020, it submitted an application for renewal of the pollution discharge permit in accordance with relevant regulations. It passed the government review at the end of October and the validity period was extended to 2025.

Zhixin Co. has no significant construction project in 2020 and therefore no environmental assessment is necessary.

IV.Emergency plans for environmental emergencies

In accordance with the Environmental Protection Law of the People's Republic of China and other laws and regulations and normative documents, Qiangang Co. has formulated the Emergency Plan for Environmental Emergencies. The plan focuses on strengthening the daily management and safety prevention of production, strictly prevents all kinds of sudden environmental events, regulates and strengthens the abilities to deal with environmental emergencies, focuses on preventing the occurrence of sudden environmental events, gradually improves the mechanism of early warning, disposal and rehabilitation of environmental emergencies, and establishes the Company's emergency disposal system, which would be strong, orderly, efficient, unified and coordinated, for emergency environmental emergencies. On this basis, Qiangang Co. also formulated three special plans, namelySudden Environmental Event Emergency Plan Special for Atmospheric, Sudden Environmental Event Emergency Plan Special for Water and Sudden

Emergency Plan for Hazardous Wastes in Environmental Incidents, to further improve the air pollution and water pollution emergency response capacities.

According to the requirements of the Emergency Treatment Plan for Environmental Emergencies (Third Edition), Jingtang Co. identifies gas storage tanks, pipelines and benzene tanks, acid storage tanks, liquid ammonia storage tanks and other dangerous chemicals and toxic and harmful substances production, storage areas as dangerous target for emergency rescue, implements 13 emergency drills including wastewater over the standard, waste acid leakage, waste oil leakage, radioactive source loss and so on, ensures effective implementation of rescue under emergency, in accordance with the requirements of the Plan, and improves the prevention and treatment skills of sudden environmental pollution events.

Cold-R Co., in accordance with the Emergency Plan for Environmental Emergencies requirements, organizes to carry out planning exercises in acid rolling, heat treatment work area and public auxiliary areas, timely rectifies when found problems, enhances the Company's emergency response capacity of environmental emergencies.

Zhixin Co. continued to implement the Emergency Plan for Environmental Incidents prepared and filed in 2018. During the year, the Company organized all departments to carry out 29 emergency drills for environmental emergencies, covering water, gas, sound, slag, radiation and other projects.

V.Environmental self-monitoring program

In accordance with the relevant provisions of the National Key Monitoring Enterprises Self-Monitoring and Information Disclosure Measures (Trial) and National Key Monitoring Enterprises Pollution Source Supervision and Information Disclosure Measures (Trial) and other relevant regulations, Qiangang Co. establishes and improves the pollution source monitoring and information disclosure system, formulates the Pollutant Emission Monitoring Plan 2020, and strictly implements it strictly. Qiangang Co. organizes and implements self-monitoring activities 1288 times in the whole year, covering all pollution factors such as wastewater and waste gas. The monitoring results showed that 100% of the pollutants are up to the standard.

The environmental monitoring system of Jingtang Co. consists of two parts: automatic monitoring and manual monitoring. The manual monitoring system delegates the monitoring activities to a third-party testing agency Beijing Shougang Environmental Monitoring Center to regularly conduct environmental monitoring on the waste gas, wastewater, etc. in the factory according to the monitoring plan. Monitoring data and reports are formed, and all pollutants are discharged up to standard throughout the year.

Cold-R Co. establishes self-monitoring plan according to the requirement of pollutant discharge permit and supervises and tests each discharge point on a daily, monthly, and quarterly basis. In 2020, all emission indicators of pollution sources of the Company reach the standard.

According to the requirements of relevant national regulations, Zhixin Co. has formulated the

2020 Self-Monitoring Plan, the Company entrusts qualified third-party testing agencies to carry out environmental monitoring monthly and quarterly in accordance with the monitoring plan.

VI.Other environmental information that should be disclosed

On the basis of adhering to the environmental protection work, Qiangang Co., Jingtang Co., Cold-RCo., and Zhixin Co.use the national key monitoring enterprises' self-monitoring information disclosure platform, website of government environmental protection department and self-established information disclosure platform, to publicize and displaythe environmental protection projects, operation of environmental protection facilities, names and emissions of major pollution sources, monitoring methods, monitoring indicator names, solid waste comprehensive utilization, etc. and actively accepts social supervision.

VII. Other environmental related information

In order to develop circular economy and low-carbon economy, build resource-saving, environment-friendly and low-carbon oriented company, and also achieve a good and rapid development of the Company, Shougang Co. launched the preparation of environmental responsibility report at the end of 2016. The scope of the environmental responsibility report includes Qiangang Co., Jingtang Co., Cold-R Co., and other subsidiaries. In April 2020, the 2019 Environmental Responsibility Report of Beijing Shougang Co., Ltd. was released on the website of Shougang Co. (http://www.sggf.com.cn).

During the reporting period, the Company and its subsidiaries have not been punished by any regulator in aspect of environmental protection. Meanwhile, the Company supervising and urging related shareholding companies to operates in an environmentally friendly way and in compliance with the Law of the People's Republic of China on Environmental Protection and other related laws, regulations, rules and normative documents.

Section VI. Public Relations and Social Welfare

Based on enterprise development, the Company actively repays the society, carries forward the volunteer spirit of "dedication, friendship, mutual assistance, and progress", sincerely fulfills its social support responsibilities, and helps to win the battle against poverty.

I. Volunteer services

Qianshun Base improved the framework of "League Organization + Volunteer Service Team" to build a branded volunteer service team. One is to take actions to interpret the responsibility of young people in voluntary services for epidemic prevention and control. The Company has encouraged employees to go deep into the factory and community and encouraged youth members to actively participate in the pandemic prevention and control work, organized "Little Red Cap" young volunteers to join the front line of the pandemic, and will continue to carry out voluntary activities such as temperature testing, love psychology, convenient living, and nucleic acid testing. The Company provided deliveryof meals and daily necessities to employees during the pandemic period, and provided "butler-style" voluntary services. This activity appeals to more than 1,000 people participating and accumulatively serving more than 100,000 people, achieving the "three zeros" goal of pandemic prevention and control. The second one is to actively practice the spirit of

volunteers. The Company has organized young workers to participate in the basic ability improvement training of the Beijing emergency volunteer team, selected outstanding young people to participate in the "Boiling Snow World Cup" English and Chinese volunteer service, and other major activities to obtain recognition of the highest standards and best services. The third is to continue to carry out activities with the theme of Green Environment, Youth Firstactivities. Focusing on the task of greening and beautifying the "urgent, difficult, and heavy" areas, a number of voluntary tree planting activities have been intensively carried out, and the cumulative number of participants has exceeded 300.

Jingtang Base established a service team of young volunteers to contribute to the service and guarantee of large-scale activities, and to demonstrate youthful demeanor in a number of "urgent, difficult, dangerous, and heavy" tasks. During the pandemic period, young volunteers rushed to the front line of prevention and control work, responsible for pandemic prevention knowledge promotion, personnel information investigation, employee temperature detection, and public area disinfection. A total of 2,391 people participated in these activities to fulfill their mission and take responsibility with actions. In many large-scale activities such as Chairman Mao Memorial Hall and Beijing Garden Expo Volunteer Service, National Metallurgical Political Research Conference, Shougang Centennial Knowledge Contest, etc., Jingtang young volunteers actively participated, willingly contributed, and completed the work with high quality with careful and thoughtful service.

II.Donations with love

The Company continues to gather love from people's hearts to warm one another. (1) Organizing the "Love" fundraising activity, donating a total of RMB 820,52 million; (2) Carrying out the "Two Festivals" condolences, visiting 447 households with difficulties and 809 technical backbones, and distributing RMB 1,011,500 yuan for difficulties; (3) Carrying out "Spring Festival" condolences and birthday condolences for all staff; condolences to nearly 1,000 married, childbearing and retired employees; (4) Actively responding to the Beijing Youth League Committee's "I have a home in Beijing" youth education assistance project, organizing and carrying out targeted donations to help students. 13 grassroots youth league committees (general branches) and youth league branches, and 3,518 young workers were participated in the donation. The cumulative online donation was RMB 6,5093.6 yuan, which was handed over to the Beijing Youth Development Foundation online to support 200 students and youth groups in Moyu County, Hotan Prefecture, Beijing's counterpart support area in Xinjiang.

III. Energy saving and emission reduction

QiangangCo. actively responds to the national energy-saving and emission-reduction policy. The Company has used the residual heat of blast furnace slag flushing water to provide heating for local schools, hospitals and communities with an area of more than 1.3194 million square meters, and has replaced the original coal-fired boiler for heating. Consequently, these actions have reducedCO₂ and SO₂ emissions.

IV.Carry out workoftargeted poverty alleviation

1. Poverty alleviation in 2020

In 2020, the Company proactively takes the responsibilities of targeted social assistance and mitigates poverty alleviation. The first is to implement the national consumer poverty alleviation work deployment and the Beijing 2020 Consumer Poverty Alleviation Action Plan. According to the work requirements of Beijing Poverty Alleviation Cooperation, the Company applied for 4965 "Beijing Consumer Poverty Alleviation Love" cards. The second is to implement consumption to assist poverty alleviation. It cooperated with the Beijing Consumer Poverty Alleviation and Innovation Center and the poverty alleviation cooperation area. It purchases nearly 20 kinds of agricultural products and daily products in multiple batches, with a total amount of over RMB 4.18 million.

2. Plan for poverty alleviation in 2021

In 2021, the Company will continue to make efforts on poverty alleviation in the areas of counterpart assistance in accordance with the unified arrangements of the government and regulatory agencies. One is to accurately grasp the coincidence of local specialty agricultural and sideline products with the needs of employees; the second is to give priority to the purchase of products for employee benefits and prizes according to the product information in Beijing Commodity Poverty Alleviation Platform; the third is to publicize tourism resources of the aided areas, and encourage company employees to travel to the aided areas for tourism consumption, and promote industrial development; the last one is to organize targeted donations and poverty alleviation donations. The Company actively coordinates with the Beijing Charity Foundation, and through the "Offering Love" activity, to achieve charitable donations for the elderly, students, the disabled, the sick, and the poor.

Conclusion

2021 is the beginning year of the "14th Five-Year Plan" as well as the year when the Two Centenary Goals meet. Standing at a new starting point and embarking on a new journey, there is a long way for the Company to go. And it is more necessary to move forward with perseverance and diligence than ever before.

Shougang Co. will adhere to the concept of "people-oriented, honest operation, efficient development, mutual benefit and win-win, dedication to the society", and always obey to walking with the times, customers, shareholders and employees, and strive to build a new generation of metallurgical demonstration enterprise of "circular economy, energy saving and environmental protection, clean and high efficiency", and attempt to maximize the interests of all parties in business activities, and take it from the society, dedicate it to the society, actively fulfill social responsibilities and help build a harmonious society.

Shougang Co. 2020 Annual Pollutant Emission

Name of the company or subsidiary	Names of major pollutants and characteristic contaminants	Emission	Number of drains	Distribution of emission drains	Emission concentration	Imple mented pollutant emission standards	Total emissions (tons)	Total approved emissions (tons)	Exceed the standard or not
QiangangCo.	COD (Chemical Oxygen Demand)	Organized	1	Total wastewater discharge port.	15-30mg/L	50mg/L	48.6	103	No
QiangangCo.	Ammonia Nitrogen	Organized	1	Total wastewater discharge port.	0.5-1 mg/L	5mg/L	3.625	8.2	No
QiangangCo.	Sulfur Dioxide	Organized	69	Energy: 5, Ironmaking: 3, Steelmaking: 3, Hot Roll: 8, Cold Roll: 50	1-20mg/m3	Energy、Ironmaking、Steelmaking、Hot Roll 35mg/m3, Cold Roll 50mg/m3	694.8	695	No
QiangangCo.	Nitrogen Oxides	Organized	69	Energy: 5, Ironmaking: 3, Steelmaking: 3, Hot Roll: 8, Cold Roll: 50		Energy, Ironmaking, Steelmaking, Hot Roll 50mg/m3, Cold Roll 150mg/m3	1705	1720	No
QiangangCo.	Particulate Matter	Organized	153	Energy: 5, Ironmaking: 29, Steelmaking: 33, Hot Roll: 20, Cold Roll: 66		Energy、Ironmaking、Steelmaking、Hot Roll 5mg/m3, Cold Roll 10mg/m3	872.7	1227	No

Jingtang Co.	Sulfur Dioxide	Organized	42	Coke oven chimney, coke pushing coke outlet, CDQ outlet, outlet of baghouse system after desulphurization of sintering machine, outlet of hot blast stove of no.1 and no.2 bf, lime kiln roasting, heat treatment furnace, 2 × 300mw generating units chimney exit, gas boiler chimney exit.	Coke pushing :<30 mg/m3, Coke outlet :<70 mg/m3; CDQ outlet :<80 mg/m3; Sintering desulfurization:<30 mg/m3; Lime kiln roasting: < 50 mg/m3; Heat treatment furnace:<50 mg/m3; Coal-fired and gas-fired	Sintering desulfurization: 35 mg/m3; Hot blast stove: 50mg/m3; Lime kiln roasting: 35 mg/m3; Cold rolled	862	5210	No
Jingtang Co.	Nitrogen Oxides	Organized	38	Coke oven chimney, outlet of baghouse system after desulphurization of sintering machine, outlet of hot blast stove of no.1 and no.2 bf, lime kiln roasting, heat treatment furnace, 2 × 300mw generating units chimney exit, gas boiler chimney exit.	Outlet of hot blast stove of No. 1 and No. 2 BF: <150 mg/m3; Continuous annealing line of cold rolling mill and hot rolling mill, annealing furnace of HDG line: <150 mg/m3; Coal-fired and gas-fired generating units: <40	Coke oven chimney :130mg/m3; Sintering desulfurization :50 mg/m3; Outlet of hot blast stove of No.1 and No.2 BF、heating furnace of hot rolling mill、continuous annealing line、annealing furnace of HDG line、 Roasting device of waste acid regeneration station:150mg/m3; Lime kiln roasting: 150 mg/m3; Coal-fired and gas-fired generating units:50 mg/m3; Gas boiler:150 mg/m3	3536	11667	No

Jingtang Co.	Particulate Matter	Organized	176	oven chimney, dust removal outlet of stock ground transfer station, dust removal outlet of sintering machine batching, crushing, finished products screening, dust removal outlet of sintering machine tail and ring cooler, dust removal outlet of primary flue gas of bf tapping field, secondary flue gas of bf tapping field, dust removal outlet below the blast furnace bunker, dust removal outlet of cast iron machine, dust removal outlet of blast furnace pulverized coal production, dust removal outlet of hot blast stove of bf, steelmaking electric dust removal, steelmaking secondary dedusting outlet, dust removal outlet of flame descaling, lime kiln top dust collector outlet, heat treatment furnace, dust removal of finishing mill, dust removal exit of tension leveler and welder of PLTCM, dust removal exit of iron powder	outlet、Coke oven chimney:<10 mg/m3; The transfer point of stock ground:<10 mg/m3; Sintering machine batching, crushing, finished products screening、sintering machine tail and ring cooler:<10 mg/m3; primary flue gas and Secondary flue gas of BF tapping field:<10 mg/m3; Below the blast furnace bunker、cast iron machine、blast furnace pulverized coal production、hot blast stove of BF:<10 mg/m3; Steelmaking electric dust removal:<20 mg/m3; Steelmaking electric dust removal:<20 mg/m3; Steelmaking secondary dedusting、flame descaling、Lime kiln top dust collector:<10 mg/m3; Heat treatment furnace、finishing mill、tension leveler and welder of PLTCM:<10 mg/m3; Iron powder warehouse:<10 mg/m3; Coal-fired and gas-fired generating units:<10	Coke pushing, Coke outlet, CDQ outlet, Coke oven chimney:10 mg/m3; The transfer point of stock ground:10mg/m3; Sintering machine batching, crushing, finished products screening, sintering machine tail and ring cooler:10mg/m3; Primary flue gas and Secondary flue gas of BF tapping field:10 mg/m3; Below the blast furnace bunker, cast iron machine, blast furnace pulverized coal production,: 10mg/m3; Hot blast	5955	6604	No
Cold-R Co.	COD	Organized	1	Wastewater stations	5.09-27.09 mg/m3	30mg/m3	16.412	67.5	No

Cold-R Co.	Ammonia Nitrogen	Organized	1	Wastewater stations	0.01-1.34 mg/m3	1.5(2.5) mg/m3	0.318	3.937	No
Cold-R Co.	Sulfur Dioxide	Organized	8	Continuous annealing furnace, annealing furnace of 1# HDG line, annealing furnace of 2# HDG line, roaster of acid regeneration station, hydrogen production generator, 1# boiler room, 2# boiler room, 3# boiler room.	3 mg/m3	Continuous annealing furnace, annealing furnace of 1# HDG line, annealing furnace of 2# HDG line, Roaster of acid regeneration station, Hydrogen production generator:20 mg/m3; 1# boiler room, 2# boiler room, 3# boiler room:10 mg/m3	3.922	18	No
Cold-R Co.	Nitrogen oxides	Organized	8	Continuous annealing furnace, annealing furnace of 1# HDG line, annealing furnace of 2# HDG line, roaster of acid regeneration station, hydrogen production generator, 1# boiler room, 2# boiler room, 3# boiler room.	line, annealing furnace of 2# HDG line:38-97 mg/m3; Roaster of acid regeneration station:59-73 mg/m3; 2# boiler room:23 mg/m3; 1# boiler room, Hydrogen	Hydrogen production generator :100	53.335	148.184	No

Cold-R Co.	Particulate matter	Organized	10	Exhaust gas of tension leveler, continuous annealing furnace, annealing furnace of 1# HDG line, annealing furnace of 2# HDG line.	furnace, annealing furnace of 1# HDG line, annealing furnace of 2# HDG line, Roaster of acid regeneration station, Hydrogen production generator :2.3-8.7 mg/m3; iron powder warehouse at acid regeneration station:4.1-4.3 mg/m3; 1# boiler room, 2# boiler	Exhaust gas of tension leveler, continuous annealing furnace, annealing furnace of 1# HDG line, annealing furnace of 2# HDG line, Roaster of acid regeneration station, Hydrogen production generator, iron	17.185	18.75	No
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