Chongqing Iron & Steel Company Limited

Keep the Momentum

Going for a Better Future

Message from the Chairman

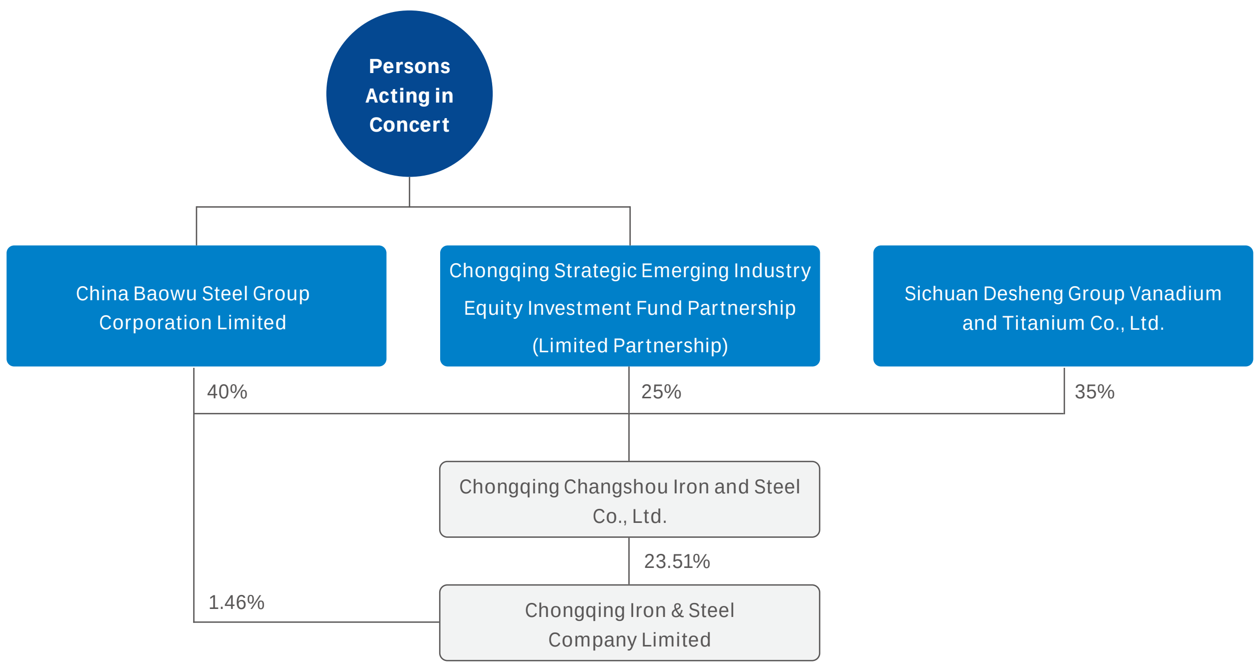
The year 2021 marks the 100th anniversary of the founding of the Communist Party of China. It is the first year for starting a new journey to build a modern socialist country in all respects, the first year of the 14th Five-Year Plan period for China Baowu, and a key year for the high-quality development of Chongqing Iron and Steel. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we forged ahead with the spirit of steel, achieved excellent business performance with a production scale and profit hitting record highs, and ushered in a new stage of green, low-carbon and high-quality development.

This year, we focused on increasing quality and efficiency, and forged ahead with reforms. In the face of the complicated and challenging external environment and the ongoing impact of the COVID-19 pandemic, we adhered to the production and operation pattern of "expanding scale, adjusting structure, and cutting costs". Based on the management philosophy of "gap identification through comprehensive benchmarking, cost reduction, efficiency improvement, excellent management

About Chongqing Iron & Steel

Company Pro f le

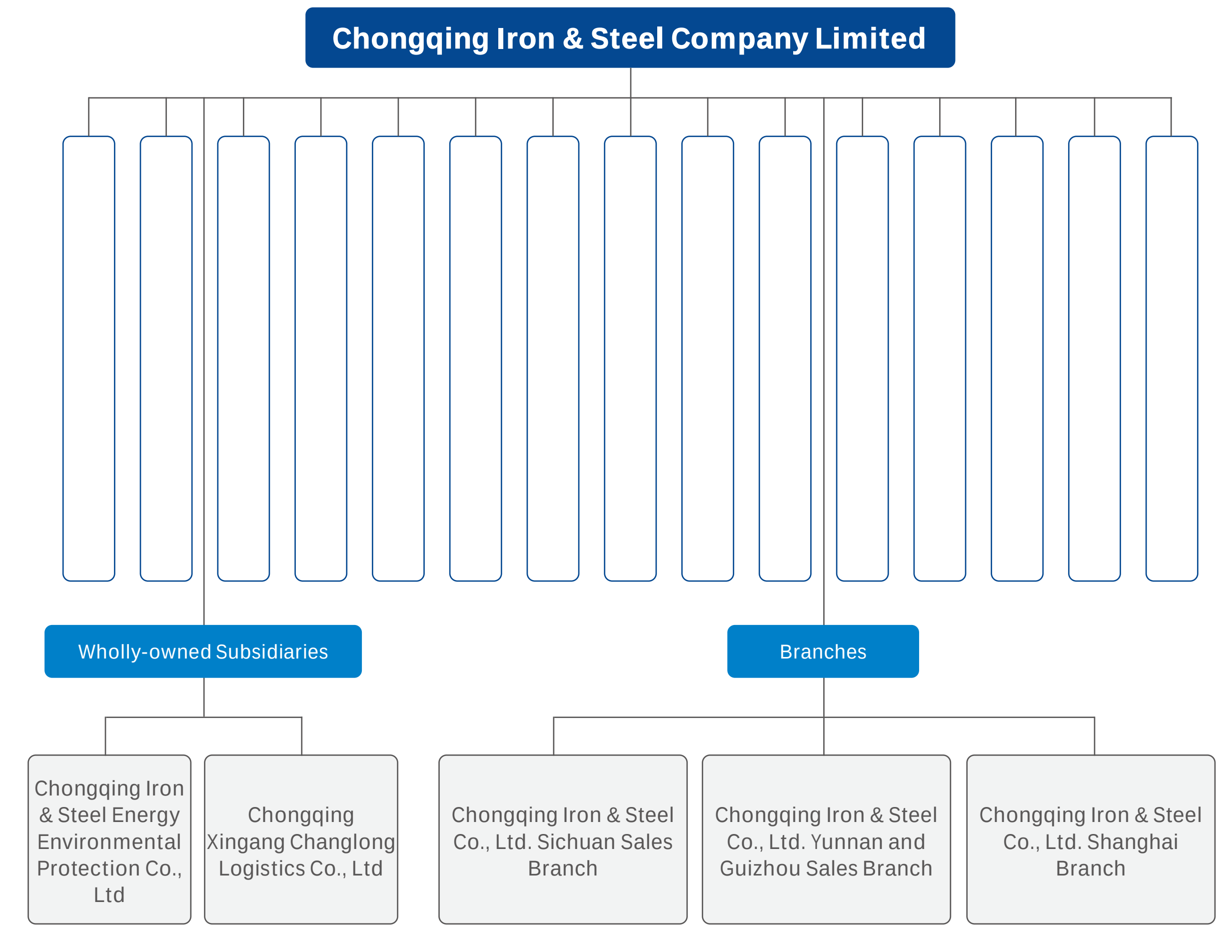
Founded in August 1997, Chongqing Iron & Steel issued H shares (stock code: H1053) on the Stock Exchange of Hong Kong (HKEX) in the same year, and A shares (stock code: A601005) on the Shanghai Stock Exchange in 2007.
The predecessor of Chongqing Iron & Steel is Hanyang Iron Works founded by Zhang Zhidong, Viceroy of Hu-Guang, in 1890. In March 1938, Hanyang Iron Works moved west to Chongqing, and was completed and put into operation in March 1940. In January 2007, Chongqing Iron & Steel moved from Dadukou District to Changshou District of Chongqing. At the end of 2017, Chongqing Iron & Steel completed judicial reorganization, and in December 2020, China Baowu became the actual controller of the Company. Integrating into China Baowu, Chongqing Iron & Steel is resolutely striving towards the goal of high-quality development with a new outlook, and is committed to creating a Ten Million Ton Iron and Steel Complex and building a " Chongqing Iron & Steel Immersed in a Green and Charming Landscape ", to grow into a leader in the steel industry in southwest China.



Equity Structure Chart

In 2021, the Company produced 6,744,640 tons of pig iron, 7,115,511 tons of crude steel and 5,935,967 tons of rolled steel, with an annual operating revenue of CNY 39.85 billion and a total pro f t of CNY 2.26 billion. The Company has the following main product lines: 4100mm wide and thick plates, 2700mm medium plates, 1780mm hot rolled sheets, and high speed wire rods and bars, and the products are applied in machinery, construction, engineering, automobile, motorcycle, shipbuilding, o f shore oil, gas cylinders, boilers, oil and gas pipelines and other industries. The Company's steel for hull structure, boiler and pressure vessel won the title of " China Famous Brand ", and four other products won the title of " Chongqing Famous Brand ". The Company has been awarded the National May Day Labor Certi f cate, National Advanced Enterprise for Implementing Excellent Performance Model, Chongqing Famous Trademark, Chongqing Quality and E f ciency-oriented Enterprise, Chongqing Contract Credit and Trustworthy Enterprise and other honorary titles.

Organizational Structure



Corporate Culture

Culture instills in us con f dence. Chongqing Iron and Steel 's corporate culture is underpinned by our position and belief. Over the past 100 years, these position and belief have been translated into the mission, vision and value proposition of employees at Chongqing Iron and Steel. These are fused into our work and life, become our collective personality, and evolve into Chongqing Iron and Steel people 's commitment to the future vision.

Mission

Keep the national strength of steel alive and build a green and wonderful life

Vision

To become a leader in the steel industry in Southwest China

Development goal

To create a high-quality green intelligent steel manufacturer with an annual output exceeding 10 million tons

Core values

integrity, innovation, collaboration and shared bene f ts

Big Events in 2021

Aug.

August 2
Three innovative outcomes of the Company won awards in the national selection of worker 's innovation outcomes in the machinery, metallurgy and building materials industry and the "Top 100 Innovation Teams"; in particular, its "Integration and Innovation of Re-manufacturing Repair Technology Application in the Cutting Head Flying Shear Machine" won the first prize of "Workers' Innovation Achievements".

August 16
China Iron and Steel Association and C Metallurgy and Building Materials released the "*National Benchmark for Energy Conservation and Consum of Key Large Energy-Consuming Production Equipment" 2020 An Results*, in which the Company' No was awarded the national "Superio 2000m³ (inclusive) - 3000m³-grade marking a new breakthrough in the energy conservation and consumpti key large energy-consuming iron and equipment.

Jul.

July 13
Two blast furnaces of the Company won awards in China Baowu 's 2021 second- quarter special labor competition around the theme "Whole-process Benchmarking to Improve Efficiency and Create First-rate Products". Specifically, in the unit of "Labor Competition of Improving Blast Furnace Utilization Coefficient", the No.1 blast furnace of the Company was awarded the second-quarter "Comprehensive Superior Furnace", and the No.2 blast furnace was awarded the second-quarter Grade 2,000 cubic meters "High Production Champion Furnace".

July 14
The Company held the third Party Congress i Center. Li Shiping, Secretary of the Pa Chairman and President of China South Stee attend the congress. Zhang Wenxue, Secret Committee and Chairman of the Company report titled "Keeping the National Streng Creating a Green and Wonderful Life, and Op Prospect for High-quality Development of Ch clarifying that the goal of Chongqing Iron & five years is to build a high-quality green manufacturer with a scale exceeding 10 milli

Jun.

June 5
The result of 2021 "Looking for the Most Beautiful Green Steel City" organized by China Metallurgical News was announced, and the Company was awarded with the title "Benchmark Enterprise for Green Development".

May.

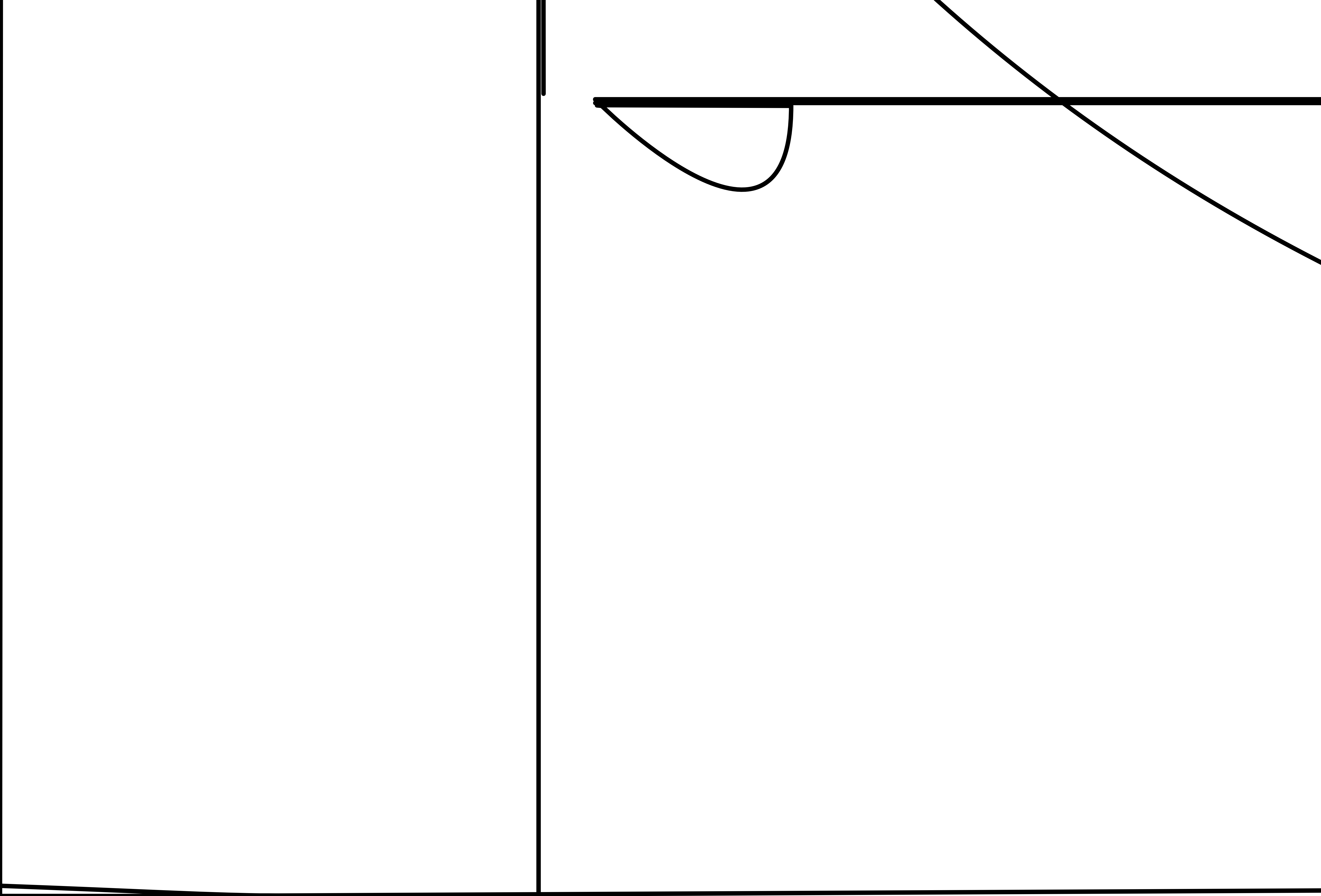
May 10
China Metallurgical News issued the "2021 Annual Chinese Steel Brand List", and the Company won the "2021 China Excellent Steel Enterprise Brand".

Apr.

April 29
The commissioning ceremony of the Company 's capacity expansion, quality improvement and retrofit project for wastewater treatment system was held at the Central Water Treatment and Collection station.

The Company held a series of activities to celebrate China Baowu 's first "Company Day".

December 28
The Company 's management innovation achievement *Management Reform of Iron and Steel Enterprises Based on Mixed Ownership* won the first prize of China Baowu Management Innovation Achievement rating and the second prize of the 20th (2021) Innovation Achievement of Management Modernization of Metallurgical Enterprises.



CHAPTER ONE

INTEGRITY AND COMPLIANCE FOR SMOOTH REFORM AND DEVELOPMENT

Integrity and trustworthiness are fundamental to the survival and development of an enterprise. Chongqing Iron & Steel consistently operates in good faith according to laws and regulations. It strengthens honest corporate governance, keeps a bottom line for clean operations, tightens ESG management, and creates win-win value with a responsible attitude towards all stakeholders.

Consolidating Corporate Governance

Improving the Governance Structure

The Company strictly complies with the Company Law of the People 's Republic of China, the Securities Law of the People 's Republic of China, the Code of Corporate Governance for Listed Companies and other relevant laws and regulations and has established a corporate governance structure with a clear division of labor and mutual checks and balances among the General Meeting of Shareholders, the Board of Directors, the Supervisory Committee and the General Manager level, to ensure science-based and rational decision-making and e f cient operation of the Company. 2021, the Company held three shareholders ' meetings, 17 meetings of the Board of Directors, 10 meetings of special committees of the Board of Directors (four Audit Committee meetings, two Nomination Committee meetings, three Audit and Evaluation Committee meetings, one Strategy Committee meeting).

The Company continues to improve the executive compensation allocation mechanism, fostering a distribution system composed of annual salary for the post, annual salary for the term and special incentives, so that the executive compensation is compatible with the development strategy of the Company and the performance of the Company 's sustainable development, giving play to the incentive function of compensation and supporting the sustainable and sound development of the Company.

Standardizing Information Disclosure

The Company adheres to true, accurate, complete, timely and fair information disclosure. In 2021, the Company disclosed a total of 254 announcements on issues closely related to production and operation, including the 2020 Annual Report, the First-quarter Report, the Semi-annual Report and the Third-quarter Report of 2021, the amendment to the Articles of Association, the Employee Stock Ownership Plan, the change of management personnel, related party transactions and abnormal f uctuations of stock transactions; speci f cally, four periodic reports and 123 interim announcements were completed in Shanghai Stock Exchange, and four periodic reports and 123 interim announcements completed in HKEX.

During the reporting period, the Company 's information disclosure was standardized and orderly, and there was no case of failure to disclose information that should be disclosed. In August 2021, after the comprehensive evaluation of the Shanghai Stock Exchange, the Company 's information disclosure work during the 2020-2021 period maintained the B-level rating.

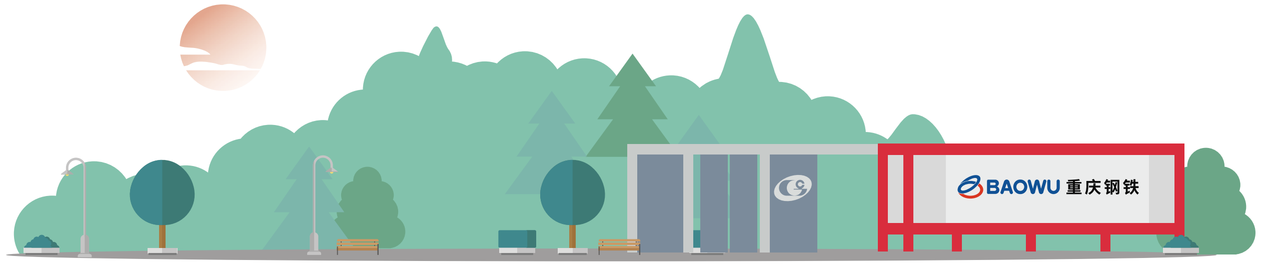
Paying Attention to the Rights and Interests Protection

Shareholders ' Rights and Interests

The Company formulated the Articles of Association to set detailed provisions on the basic principles, forms, conditions, scheme research and demonstration procedures, decision-making mechanism and policy adjustment of pro f t distribution, to provide institutional guarantee for shareholders ' rights and interests. Meanwhile, the Articles of Association clearly grants rights to small and medium-sized shareholders, especially when it comes to pro f t distribution, and provides full protection for their rights and interests.

Investors ' Rights and Interests

The Company formulated Management Measures for Investor Relations to strengthen two-way communication with investors and potential investors, enhance investors ' understanding of the Company, and maximize the interests of shareholders, including the majority of small and medium-sized investors.

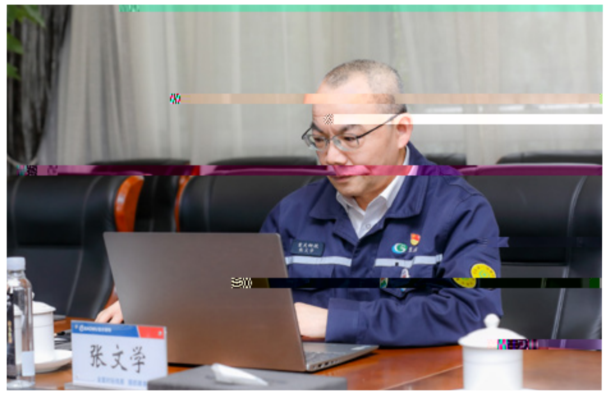


Improving the Voting Mechanism for Small and Medium-sized Investors

The Company abides by the Opinions of the General O f ce of the State Council on Further Enhancing the Protection of the Legitimate Rights and Interests of Small and Medium-sized Investors in the Capital Market and other relevant laws, regulations and normative documents, and has established and improved the voting mechanism for small and medium-sized investors. On-site voting and network voting are adopted during the general meeting of shareholders; when major matters a f ecting the interests of small and medium-sized investors are deliberated at the shareholders ' meeting, the votes by small and medium-sized investors are separately counted in accordance with regulations, and the separate vote counting results are disclosed to the public in a timely manner and submitted to the securities regulatory authority.

Multi-channel Two-way Communication Platform

The Company managed investor relations in various forms through communication platforms such as shareholders ' meetings, performance presentations, investor group receptions, creditor shareholder groups and " 005 Steel Wire Community " to build a bridge of trust between the Company and investors and raise investors ' awareness about the Company. Investor communication covers macroeconomic environment, medium-industry development, micro-enterprise operation and other aspects, with a focus on the Company 's development plan, competitive strategy, corporate culture building and other aspects, to enhance diversity and e f ectiveness of the communication content. In 2021, the Company handled a total of 33 times of telephone communication with investors, answered 70 questions asked by investors through the interactive platform, and responded to six investor inquiries via IR email.



Building a Strong Defense Line of Compliance

Chongqing Iron & Steel adheres to law-based corporate governance and operational compliance. By Improving Institutional Building, carrying out risk assessment and organizing compliance culture training, we pay close attention to internal and external risks in the development of the Company, strengthen risk prevention and control, and improve the level of risk control.

Institutional Building

The Company developed the Compliance Management Measures to standardize the basic content of compliance management; formulated the Management Procedures for the Compliance Evaluation of Laws, Regulations and Other Aspects Required for Collection and Application to standardize the workflow for identification, observation and evaluation of external compliance obligations. In the meantime, each functional business department of the Company formulated (revised) the management system of each professional field in conjunction with the external compliance requirements and the management situation of the Company to regulate various production and operation behaviors.

Risk Assessment

The focus compliance risks for the Company include civil liability arising from the signing and performance of economic contracts, administrative liability and criminal liability arising from violations of laws and regulations relating to safety, environmental protection, energy and other requirements, labor disputes arising from labor employment, and other compliance risks such as goodwill and economic losses arising from failure to comply with laws, regulations and related requirements in production and operation. The Company has intensified efforts to rectify various risk incidents. In 2021, the Company received one administrative penalty for a fire accident and has completed the rectification.

Compliance Culture

The Company attaches great importance to compliance training and compliance culture education and has organized training activities including management of IPR-related legal risks, performance of duties by directors, supervisors and senior managers, compliance management system and contract management, to enhance compliance awareness of managers and employees. In 2021, the Company carried out compliance training and compliance culture education 13 times.

On December 2, 2021, the Company organized training on the compliance management system.

On December 16, 2021, the Company held a special training on "Changes and Application of the General Principles of Contract Section of Civil Code".

Sharpening Bottom-line Awareness about Integrity

Implementing the Integrity Culture

The Company strictly abides by the Supervision Law of the People's Republic of China and other anti-corruption related laws and regulations, and adheres to putting prevention first while integrating punishment with prevention. It has formulated and implemented the Provisions of the Responsibility System for Improving the Party's Work Style, the Implementation Opinions on Strengthening the Party Style and Clean Government Education for Leading Personnel and Ten Prohibitions Concerning Clean Practice and other internal rules and regulations, to enhance the leaders and employees' awareness of integrity, discipline and rules, and advance the Company's endeavor to improve the Party's work style, build a clean government, and combat corruption with high quality.

Carrying out Publicity and Education on Clean Practice

Carried out warning education activities through cases of violation of rules and regulations, compiled the Collected Typical Cases of Chongqing Iron & Steel 2020 and other materials, and distributed them to each unit in the form of case notification by periods, to promote rectification of dishonest practices through cases.

At the same time, the Company organized directors, managers and employees to learn the Notification on Six Typical Cases Violating the Eight-point Regulation of the Central Committee of the CPC issued by the Central Committee for Discipline Inspection and State Supervisory Commission, Notification on Five Cases Violating Rules, Regulations and Discipline During Operation Process, Warning against the Three Operation Risks Concerning Encounters with "Cyber Fraud", "Duty-related Crimes by Purchasing Staff" and "Financing Trade" issued by China Baowu and other documents, to heighten employees' awareness about clean and honest practice.

Case Donating Books as "Mental Nourishment" for Clean Operations

The company's raw material procurement center creates an environment in which clean operations, high ideals and morality are promoted through reading. Books such as Party Member Handbook, Integrity, Self-discipline and Red Line for Party Discipline and Yan'an Spirit are donated to promote the concept of lifelong learning among all Party members, raise the awareness of Party spirit, rules, integrity and self-discipline, and build a working environment free of corruption.

Strengthening Prevention and Control of Integrity-related Risks

Arranged for all units to sign the Chongqing Iron & Steel Integrity Risk Prevention and Control Form, effectively conveyed the integrity requirements to employees so that they can fully understand the responsibilities and obligations of clean and honest practice. In 2021, a total of 626 integrity commitment letters were signed by employees at sensitive positions in various units of the Company.

In February 2021, the Company held a work conference on improving the Party's work style and combating corruption. The Company leaders took the lead to make a commitment to honesty.

Keeping an Unblocked Reporting Channel

With great attention paid to the collection of clues for solving problems, the Company has set up a total of 20 anti-corruption reporting boxes in each key sector, the reception window area and other areas publicized the hotline for reporting corruption behaviors. At the same time, it went deeper into the community to collect clues, to push forward anti-corruption and integrity endeavors in an in-depth and solid way.

Strengthening ESG Management

ESG Statement of the Board of Directors

Chongqing Iron & Steel recognizes the importance of ESG issues to the Company 's risk management and sustainable development. The Board of Directors is the highest leadership body for the Company 's ESG efforts and has full responsibility for the Company 's ESG strategy, management, performance and reporting. The Board is committed to ensuring that the Company 's ESG efforts comply with legal, regulatory and standard requirements, controlling ESG-related risks, and ensuring that the Company 's ESG objectives and implementation processes are effective. The Strategic Development Committee of the Board of Directors is responsible for the ESG work of the Company and makes relevant recommendations to the Board of Directors.

The Board of Directors continues to identify and assess important ESG topics, employs various channels to communicate with key stakeholders, and determines the priority of ESG topics of the Company based on the external economic and social environment and the Company 's strategy, to provide references for the Company 's ESG information disclosure.

The Board of Directors attaches great importance to achieving important ESG goals such as workplace safety, energy and environmental protection, and has set a number of indicators to review the progress of relevant goals. In 2021, the Company kept its overall safety work and the energy consumption of each production line process within the controllable range, and its pollutant emissions met the required target, which laid a solid foundation for the Company to achieve green, low-carbon and high-quality development.

This Report details the progress and effectiveness of Chongqing Iron & Steel 's ESG work in 2021. The Board of Directors and all directors of Chongqing Iron & Steel guarantee that there is no false record, misleading statement or material omission in this Report, and undertake individual and joint liability for the authenticity, accuracy and integrity of the content.

ESG Governance Structure

The Company keeps to the green development philosophy as "Chongqing Iron & Steel Immersed in Charming Landscape", and incorporates social responsibility into corporate development strategies and routine business activities. In 2021, the company drew on advanced ESG management experience at home and abroad to improve the company 's ESG management system, and formed an ESG management structure with vertical implementation and horizontal coverage. All departments and organizations of the company act in concert, maintain close communication with stakeholders, and work to create an influential and sustainable responsible brand in line with the company 's sustainable development strategy.

Board of Directors	The top leadership organization for the Company 's ESG work
The Strategy Committee of the Board of Directors	Responsible for the Company 's ESG work and making suggestions to the Board, including: • Review the Company 's ESG policies and strategies to ensure compliance with relevant laws, regulations and standards; • Assess and review the Company 's ESG risks and opportunities, and make suggestions to the Board; • Review the Company 's ESG management and internal control systems and make suggestions to the Board on their adequacy and effectiveness; • Evaluate, review and supervise the Company 's ESG goals and implementation; • Review the Company 's disclosed ESG reports; • Guide the formulation of ESG management vision, objectives and strategies;
ESG Working Group	Responsible for providing professional support to the Strategic Development Committee of the Board, including: • Develop specific ESG policies and action plans in line with the Company 's strategy and development goals; • Manage ESG related risks in the daily operation of the Company; • Communicate with all departments and subsidiaries of the Company to coordinate and promote the implementation of ESG matters; • Collect, collate and compile the Company 's public disclosures on ESG matters and performance.

ESG Capacity Building

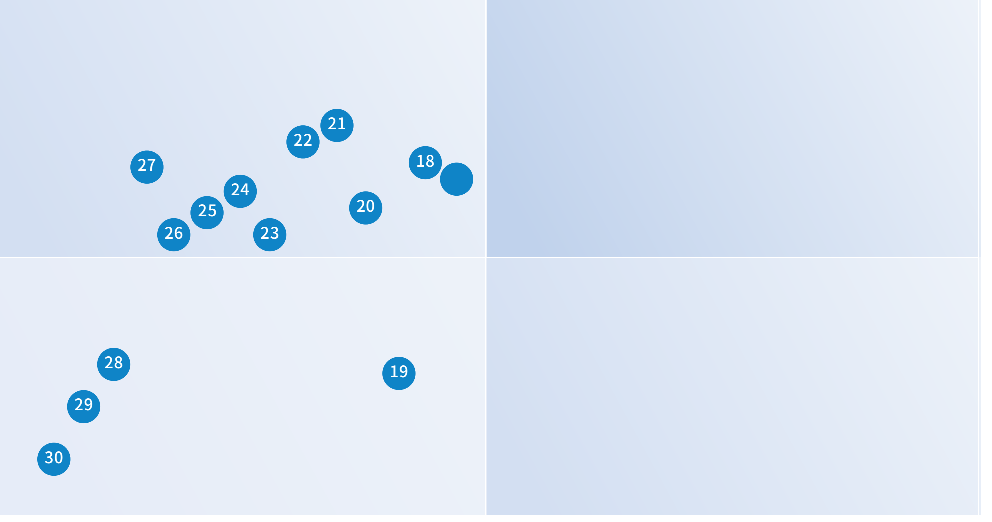
Responsibility Indicator System

In 2021, the Company set up a complete indicator system composed of five dimensions of report preface, responsibility management, market performance, social performance and environmental performance, to standardize the Company 's ESG management and ESG report compilation.

Building of Capacity for Responsibility

The Company takes the initiative to strengthen its own capacity building, enhance the sense of social responsibility, and cultivate a responsible corporate culture. In 2021, the company invited experts from third-party institutions such as the Chinese Academy of Social Sciences to conduct systematic training on ESG theory and practice for heads and staff in charge of ESG work in various departments and subsidiaries of the Company.

CASS experts were invited to conduct systematic training on ESG work


21
22
27
18
24
20
25
26
23
28
19
29
30

Focusing on Innovation-driven Development

Supporting Scientific and Technological Innovation

In 2021, the Company revised the Management Measures for Technology Innovation, Management Measures for Scientific and Technological Achievements, Intellectual Property Rights Incentive Management Standards and other systems to implement various support measures for scientific and technological innovation, improve the management system for scientific and technological innovation, and continuously enhance its capacity for independent innovation.

Top-level Design and System Layout

Accelerated the development of an integrated science and technology management system, realized online operation of the science and technology innovation system, and strengthened overall planning and resource sharing for science and technology management; took the opportunity of completing the national high-tech enterprise certification to increase investment in research and development.

New Product Development Management

Redesigned the new product development process, simplified the management process, and established a flat mechanism for fast response to the market.

Technical Backbones Taking the Lead

Gave play to the bellwether role of the staff above the director level and the backbone members of the Innovation Workshop, and carried out activities such as teacher-apprentice cooperation and partner assistance, so that innovation would become a common presence in each unit.

Tackling Key Difficulties Closely Related to Production

Pushed for organic combination between advancing scientific and technological innovation and post benchmarking and improvement, post gap searching, etc., so that the majority of employees can e e _D o

Protecting Intellectual Property Rights

Possessing a certain number of intellectual property rights reflects the soft power of enterprises, and protecting intellectual property rights is protecting innovation. Through benchmarking with the outstanding enterprises under China Baowu, the Company has established the management standard of IPR rewards, significantly improved reward levels, and taken multiple measures to protect intellectual property rights to push for a leapfrog advancement in scientific and technological innovation. In 2021, the Company filed 274 patents, including 104 invention patents, the total number of invention patents filed up nearly ten times from 2020, which added strong momentum to the quality development of the Company.

Strengthening Management Innovation

The Company has formulated the Management Measures for Management Innovation Achievements and Management Standards for Evaluation and Reward of Management Innovation Achievements to guide the orderly progress in management innovation and facilitate the cultivation, summary and application of management innovation achievements, providing impetus through new ideas and methods for the Company's development.

In the context of the comprehensive supply-side structural reform across the country, the market playing a decisive role in resource allocation and orientation towards high-quality development, the Company has implemented a systematic reform in management, set up a management team with clearly defined authority and responsibility, created a management model combining rigid management and flexible culture, while improving the institutional system, and implementing process reengineering to achieve sound corporate governance mechanism, improved management capability, steady growth in profitability, and common growth of employees and the Company.

In 2021, the Company's management innovation achievement *Management Reform of Iron and Steel Enterprises Based on Mixed Ownership* won the first prize in China Baowu Management Innovation Achievement Rating; meanwhile, it participated in the declaration of "Innovation Achievement in Management Modernization of Metallurgical Enterprises in 2021" on behalf of China Baowu, and won the second prize of the 20th (2021)Innovation Achievement in Management Modernization of Metallurgical Enterprises after strict evaluation by the Validation Committee for Innovation Achievement in Management Modernization of Metallurgical Enterprises and review by China Iron and Steel Industry Association.

Advancing Intelligent Manufacturing

Intelligent Manufacturing Management

Intelligent manufacturing plays an outstanding role in improving work e f ciency and quality, reducing costs and employee workload.

Intelligent Manufacturing Projects

Joining Hands for Win-win Results

Case Adopting a customer-centered approach to realize win-win cooperation

From October 25 to 26, 2021, The Party Secretary and Chairman Zhang Wenxue, Senior Vice President Xie Chao and Vice President Guo Yi led a team to visit Shanghai C&D Materials Co., LTD., Daming International Holdings Co., LTD., and Jiangsu Yulong Steel Pipe Technology Co., LTD. Through customer visits and in-depth exchanges with partners, we pushed mutual bene f t and win-win cooperation to a new level and helped the construction of a high-quality steel ecosystem.

Case Establishing a closed loop system to actively respond to customer complaints

Upon receiving customer complaints, the Company would immediately classify the complaints and hand them over to the leading recti f cation department, analyze the cause of the complaints, develop appropriate corrective measures, give feedback and return visits to customers, and properly solve the complaints through closed-loop management.

In 2021, one customer encountered core defects during their f rst-time batch use of the Company 's bridge steel products for welding operation. After receiving the complaint, the Company immediately dispatched the expert service team to the customer site for inspection, reviewed the process technology, conducted an overall sorting out of the problem points, and gave welding technical guidance to the customer, to avoid the reoccurrence of similar defects in future. To meet the customer demands, the Company replenished production and supply in time. The Company 's professional and responsible attitude won great praise from the customer.

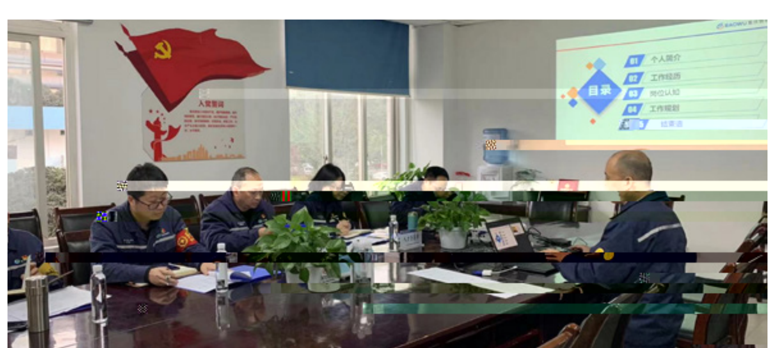
Caring for Employees

Protecting Employee Rights and Interests

Equal Employment

The Company strictly follows the Labor Law of the People 's Republic of China, the Labor Contract Law of the People 's Republic of China and other laws and regulations. In accordance with the principle of equality and consensus, the Company signs labor contracts with employees to clarify the rights and obligations of both the employer and employees. We prohibit any form of discrimination, treat employees of di f erent nationalities, races, genders, religious beliefs and cultural backgrounds in an equal manner, and protect and safeguard the legitimate rights and interests of every employee in accordance with the law. At the same time, the Company attaches great importance to the development of the cause of persons with disabilities, actively provides jobs for persons with disabilities, and helps employees with disabilities improve their professional quality to create value and contribute to the Company and society.

There is no employment of child labor, forced labor, harassment and abuse in the Company. In November 2021, the Company issued



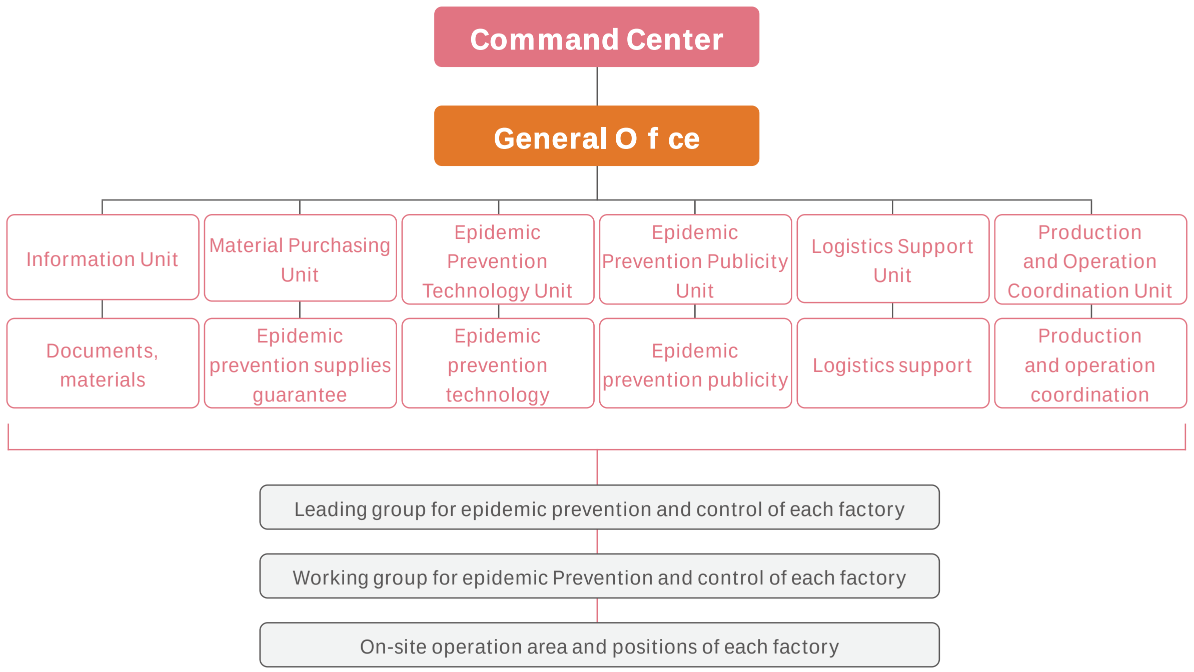
In line with the selection and appointment mechanism of "fairness, justice and openness", in November 2021, the Company recruited the Director of Planning and Design Management O f ce of Chongqing Iron & Steel Investment Management Deo l D e emb. an tm y /of

Case Expanding the Recruitment Scale to Alleviate Employment Pressure

To optimize the employee structure and meet the Company 's development needs for human resources, and to help relieve the increasingly severe employment pressure and stabilize employment, the Company continues to increase recruitment e f orts for excellent talents and fresh college graduates. In 2021, the Company recruited 239 people, including 117 employees through social recruitment, 121 through campus recruitment, and one through special recruitment for Tibet.

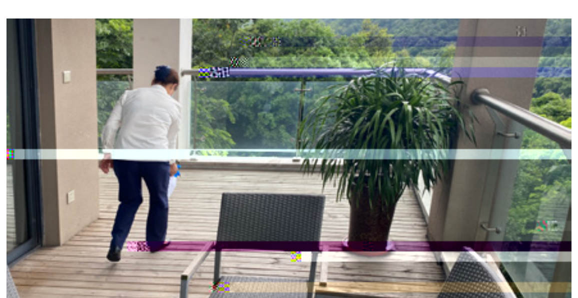
Case Implementing Epidemic Prevention and Control Measures, Going All out to Safeguard Employee Health

In 2021, the COVID-19 pandemic was still raging, to protect employees ' life safety and physical health, and stabilize the Company ' s normal production and operation order, the Company continued to improve the system of epidemic prevention and control and institutional guarantee and developed the corresponding prevention and control measures based on specif c epidemic situations. The Company leadership led a team to check and supervise the epidemic prevention and control ef orts and push ahead of the booster vaccination work, so that the normalized epidemic prevention and control were implemented to the strictest extent.



The Organizational System for Epidemic Prevention and Control

On July 30, 2021, upon the confirmation of two asymptomatic infected persons in Chongqing, the Company immediately launched an emergency response for epidemic prevention and control and conducted an employee whereabouts check. The local government also dispatched public security and medical personnel to work with the Company ' s security and staf to form a temporary joint team for epidemic prevention and control to carry out nucleic acid sampling, cleaning, disinfection and physical monitoring. On August 2, the Company received a notice from the government requiring that the No.12 Building of Xianqu Garden be set as the quarantine point for the employees involved in the COVID-19 infection risk. After seven days of quarantine, all the employees were tested negative for nucleic acid samples four times and were released from quarantine on August 8.



The Company ' s Reception Center intensifying infection ef orts

Temperature checking and registration at the entrance

Building a Solid Safety Defense Line

The Company continues to improve the management system for workplace safety, consolidate the basic work of workplace safety, improve the on-site risk control capability, and provide a strong security environment for the Company 's production and operation, reform and development.

The Workplace Safety Targets and Completion of Chongqing Iron & Steel in 2021

Indicator	Unit	Target	Actual Result
Number of deaths due to workplace safety	Person	0	0
Accident injury frequency	Million man-hour	≤ 0.52	0
Accident injury severity rate	Lost working days/ total working hours	≤ 200	0
Severe hazard-inducive accidents	No.	0	0
Pass rate of occupational-disease-inductive factors detection	%	≥ 95	100
Occupational health examination rate	%	100	100
New primary occupational diseases	No.	0	0
First pass rate of special equipment inspection and testing	%	≥ 95	100
Fire accidents with direct economic losses ≥ CNY500,000	No.	0	0
Tra f c fatal accidents that happened on the factory road	No.	0	0

Advancing the Construction of Safety Management System

- Implemented review and modif cation of safety systems and standards: reviewed 65 safety management systems and standards, merged two systems, added four systems, and revised 55 systems.
- In line with the requirements of *Management Standards for Safety Education Training and the Management Measures for the Workplace Safety Education and Training*, arranged for occupational health management personnel to carry out training on the *Occupational Health and Safety Management System* (GB/T45001-2020), the *Management Measures for Hazard Identif cation, Risk Assessment and Control, the Management Standards for Hazard Identif cation and Assessment* and other normative documents. All participants have passed the assessment.

Consolidating the Foundation for Workplace Safety

Special campaign for workplace safety rectification

Organized and carried out a special safety inspection of high-temperature molten metal, investigation of dangerous chemicals and dangerous explosives, and removal of potential hazards of dangerous chemicals, and make sure that all potential hazards identif ed are rectif ed through self-examination and self-correction and inspection and verif cation led by leaders.

Strengthened the f re safety improvement, established the responsibility list of " grid " management of f re equipment and facilities, improved the f re protection documents for key parts, formulated inspection plans, organized the training of full-time and part-time f re safety personnel, to provide a reliable and high-quality f re safety environment for the development of the Company.

Strengthened the road tra f c safety control in the factory area, provided tra f c safety training for full-time drivers, and increased tra f c safety checks of the roadway operations, road facilities and road pass safety; conduct special campaigns against overrun, speeding,

Living a Happy Life

Adding Diversity to Employees' Lives

The Company places a high value on the employees' work-life balance by creating a healthy and relaxing working atmosphere, and enhancing their sense of happiness and gain. In 2021, the Company added spice to employee's lives by organizing activities such as "Collaboration Cup" tug-of-war, mini-marathon, "Chongqing Iron & Steel in My Eyes" photography contest, the "Puzzle Cup" chess and card games, and "Making Dreams" basketball matches.

Works from the Photography Competition

Basketball match

Supporting Employees in Need

The Company pays regular visits and offers financial aid to employees in need, offers financial aid to children of employees in need to attend school, and creates an atmosphere of a big warm family. In 2021, the Company reimbursed the medical expenses of serious diseases for its employees for more than CNY800,000; Through the "Golden Autumn Bursary" campaign, 23 staff children in need received CNY100,000 of financial aid money; 68 employees in need received CNY120,000 of financial aid money.

CHAPTER FOUR

Practicing Green Development

Strengthening Environmental Protection Management

Green waters and lush mountains are invaluable assets. The Company adheres to the principle of giving priority to ecological and environmental protection, improves the environmental management system, strengthens environmental risk prevention, and effectively improves the corporate green management level. In 2020 and 2021, the Company received no environmental penalties.

Environmental protection policy

- Law-abiding integrity, all employee participation;
- prevention first, publicity and supervision going hand in hand;
- energy conservation and emission reduction, clean production;
- environmental protection for shared harmony

Environmental protection goals

- Green, low-carbon and environmentally friendly development

Special training on situation policies, laws and regulations

Carried out study and discussion of General Secretary Xi Jinping ' s Thought on Ecological Progress, the Yangtze River Protection initiative and relevant environmental policies and regulations, and organized exchanges and training on standardized management of hazardous solid waste.

Implementation and communication of key tasks

Distributed *Typical Cases Notified by the Central Environmental Supervision Group*, implemented key environmental protection tasks, and organized the second round of case study of issues identified by the Central Environmental Supervision Group to conduct self-examination and self-correction, and to draw lessons from typical cases.

Community-enterprise joint contribution for shared benefits

Carried out environmental protec- and too " ! onmel Γ

Energy and Resource Conservation

The Company strictly abides by the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China and other laws and regulations, implements energy and resource conservation in diverse dimensions, fulfills environmental responsibility and helps promote ecological progress. The Company has made solid efforts to promote the construction of energy management system, set up an energy management network, established Energy and Environmental Protection

Case Implement the Yangtze River Protection Initiative, Build a New Benchmark for Green and Low-carbon Development

The Company has established the Yangtze River Protection Committee, formulated the "*Yangtze River Protection*", *Environmental Protection Plan of Chongqing Iron & Steel* in accordance with the *Yangtze River Protection Law* and the *China Baowu Master Plan for Environmental Protection of Yangtze River Basin*, clarified specific measures to implement the Yangtze River Protection objectives, and made a rational plan of the implementation path of "ultra-low emission of waste gas", "zero waste water discharge" and "no solid waste leaving the factory". The Company plans to invest CNY3.63 billion and implement 69 environmental protection projects to make its due contribution to the Yangtze River Protection with its own green, low-carbon and high-quality development.

Implementation Path for No Solid Waste Leaving the Factory

Method	Specific Measures
Source reduction	Through process improvement, optimization of raw fuel, fine management and other ways, the production of solid waste can be directly reduced from the source.

In addition, the Company attaches importance to improving the business level of solid waste management personnel. In November 2021, the Company organized special training on standardized management of solid waste, interpreted management requirements based on the *Solid Waste Law* and other legal provisions, and organized study of the basic knowledge of hazardous waste identification, management risk prevention and case analysis.

Environmental Governance in the Factory Area

The Company vigorously promotes environmental improvement in the factory area, and works to create a green and clean environment through the control of dust from material production, plant greening and maintenance, road cleaning and other measures. In 2021, following the principle of "full greening of exposed areas", the Company re-greened the degraded and construction-damaged green belts across the entire factory area, totaling 300,000 square meters, while greening the coking and the solid waste dump in Area A, No.4 Gate, totaling 341,000 square meters, the greening rate of the factory area rising from 30.9% to 32%.

Giving Back to Society

Driving Local Development

Employee Localization

In 2021, Chongqing Iron & Steel had 6,734 employees on board; in particular, the number of employees with Chongqing household registration increased from 5,828 in 2019 to 6,040 in 2021, an increase of 3.6%, accounting for 89.7% of the total number of employees. In 2021, a total of 239 people were newly recruited, of whom 152 employees were of Chongqing household registration, accounting for 63.6% of the total number of recruits. In the first half of 2021, the Company carried out "school-enterprise" talent orientation training with Chongqing University of Science and Technology and Chongqing Vocational College of Electronic Engineering, through which, 30 graduates successfully joined the Company. In the fall of 2021, the Company sent personnel to attend special job fairs at Chongqing University, Chongqing University of Science and Technology, Chongqing University of Posts and Telecommunications, Yangtze Normal University, Chongqing Three Gorges College, Chongqing Vocational Institute of Engineering and other colleges and universities in Chongqing. In the end, the Company signed employment agreements with 21 graduates, 11 of whom were of Chongqing household registration, accounting for 52.4% of the total number of recruits.

On June 25, 2021, the Company held the graduation ceremony of "School-Enterprise" talent-oriented training sessions in Chongqing Vocational College of Electronic Engineering.

Ensuring Supply and Stabilizing Prices

In 2021, facing a sharp and continuous rise in raw material prices, a shortage of coal and coke resources, the maintenance of the Three Gorges Ship Lock and other severe situations, the Company adhered to the production and operation policy of "increasing scale, adjusting the structure, reducing costs" and the work keynote of "optimal management, minimum consumption, comprehensive benchmarking to identify gaps, close attention paid to cost reduction and efficiency", focused on supply guarantee and cost reduction, conducted meticulous planning and accurate benchmarking, and continued to enhance its capability for ensuring supply, cost improvement, and risk control. It strives to build the most competitive steel raw material purchasing supply chain in Southwest China, to ensure the stability of the steel supply chain and industry chain.

Case Upgrade the Iron Ore Purchasing System to Effectively Guarantee the Stability of the Supply Chain

Located in the southwest inland, the Company's iron ore purchasing logistics generally spans a long distance. Be it railway transportation, three-trip ship transportation (first trip: by ocean; second trip: from sea into the river; third trip: river port - Chongqing Iron & Steel wharf, and there is the business of ships moving over the Three Gorges Dam), or ship-to-road transportation, are greatly affected by the pandemic. At the end of 2020, the Company successfully launched the PLMS system that realizes a whole-process connection from the purchasing to loading and unloading. At the beginning of 2021, the Company's iron ore purchasing-related business was conducted in the PLMS system. The system covers all production bases of China Baowu and aims to realize the unified management of raw material purchasing of China Baowu and enhance its purchasing power and market influence of bulk raw materials. The launch of the system helps the Company optimize the iron ore logistics and distribution, improve the inventory management capacity along the coasts and rivers, and provide strong support for the Company's strategic plan to build a 10-million-ton iron and steel enterprise and become a leader in the iron and steel industry in the southwest region while improving the capacity for guaranteeing iron ore resources.

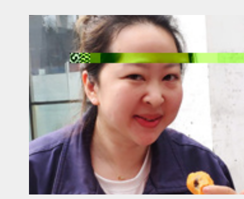
Celebrating the successful launch of PLMS iron ore purchasing system

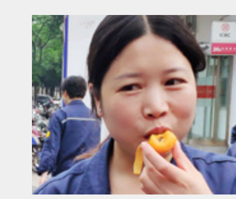
Serving Rural Revitalization

The year 2021 is a crucial year for coordinating efforts to consolidate and expand poverty alleviation results, promote rural vitalization in an all-round way, and ensure a smooth transition and orderly integration of work mechanisms and policy systems. The Company persists in providing targeted assistance, fully supports the development of various undertakings in rural areas, and takes practical actions to add energy to the revitalization of rural areas.

In May 2021, the Company donated CNY142,400 to build six fitness paths in Tianxing Village, Jiangnan Town, Changshou District, Chongqing, to improve the rural cultural and sports facilities environment, enhance the national fitness awareness, and intensify efforts to advance cultural progress in urban and rural areas.

In May 2021, the Company set up a counter for Tianxing Village loquat planting farm in the designated area of the Company, helping villagers sell more than 500kg of loquat, achieving consumption of more than CNY7,000.





The Company donated CNY100,000 to Chongqing Education Foundation in July 2021, which was used for the Foundation's project of donating "Information Classroom" multimedia teaching equipment to schools in Chongqing Rural Revitalization Area.

"The grace of dripping water should be reciprocated by a gushing spring. The meaning of your loving acts is exhibited far more than material and monetary assistance, but more importantly, it is about moral encouragement and, which will surely stimulate the teaching and learning enthusiasm of all teachers and students in our school."

— Chongqing Wanzhou District Henghe Ethnic School

On the eve of the National Day of 2021, the Company's leaders visited Tianxing Village for investigation and sent gifts such as rice and oil to the poverty-alleviation families.

In 2021, the Company bought agricultural products worth CNY770,000 from poverty-stricken areas (Guangnan County, Yunnan).

Public Bene f t and Volunteer Services

With the goal of learning “ Leifeng Volunteer ” service as a regular, institutionalized and standard practice, the Company vigorously carried out volunteer services and pushed forward the culture and practice of volunteer service in the new era. The Company established Chongqing Iron & Steel Qingfeng Volunteer Team, formulated and issued the Implementation Rules for Chongqing Iron & Steel Youth Volunteer Service, and included the participation in volunteer services as a reference indicator for recommendation as a Party member, excellence selection and other appraisals. At the same time, the Company set up a volunteer service management ledger, to institutionalize and standardize volunteer service activities. As of the end of 2021, the company had carried out 76 times of volunteer service activities, with the accumulated service hours exceeding 2,000 hours.

Case Caring and Love Brought a Warm Winter to Children in Need

As the Spring Festival approached, more than 20 volunteers from Chongqing Iron & Steel Labor Union, Youth League branch and Qingfeng Volunteer Team brought food materials, gifts and other supplies to the Special Education School in Changshou District to carry out the public bene f t activity themed on “ Love Wrapped in Dumplings to Embrace the New Year ” .

Volunteers setting up the venue

Dumpling-making activities

Appendix

Key Performance Indicators (KPI)

Indicator	Unit	2021	2020	2019
Operating income	CNY100 million	398.49	244.9	—
Total profit	CNY100 million	22.63	6.24	—
Net profit	CNY100 million	22.74	6.38	—
Total tax paid	CNY100 million	1.67	0.92	—
Operating profit ratio	%	6.18	2.78	—
Growth rate of operating income	%	62.72	—	—
Liquidity ratio	%	89.08	98.92	—
A-share market value	CNY100 million	175.15	124.03	155.04
H-share market value	CNY100 million	6.89	4.25	5.54
R&D expenditure as a percentage of revenue	%	3.15	—	—
No. of members of BOD	Person	9	9	9
No. of independent directors	Person	3	3	3
Proportion of female directors	%	0	0	0
The number of days between the notice date and the convening date of the annual general meeting of shareholders	Day	34	26	47
Employee ownership of equity incentive as a percentage of total capital	%	0.51	0.5	0.56
No. of employee corruption lawsuits	/	0	0	0
No. of employees attending anti-corruption related training[1]	Person	110	330	320
No. of employees punished or dismissed for violation of anti-corruption policies[2]	Person	24	16	5
Corruption-related fines, penalties or settlement costs[3]	CNY10,000	28.66	3	12
Total No. of patents filed throughout the year	Piece	274	56	24
No. of invention patents filed throughout the year	Piece	104	11	3
Total No. of newly authorized patents throughout the year	Piece	97	20	8
No. of newly authorized invention patents throughout the year	Piece	3	0	0
Total No. of customers	/	235	216	204
Total No. of customers in East China	/	54	31	30
Total No. of customers in South China	/	13	7	8
Total No. of customers in North China	/	6	20	7
Total No. of customers in Southwest China	/	148	151	156
Total No. of customers in other regions	/	14	7	3
Recovery rate of products sold or shipped due to safety and health reasons	%	0	0	0
No. of customer complaints accepted	/	362	291	309
Customer complaint resolution rate	%	100	100	100
Customer satisfaction	%	88.79	94.53	95.74
No. of registered suppliers	/	259	253	231

Indicator	Unit	2021	2020	2019
No. of domestic suppliers	/	254	249	228
No. of foreign suppliers	/	5	5	3
No. of suppliers reviewed by a second party during the reporting period	/	15	—	—
Total No. of employees	Person	6,734	6,606	6,407
Total No. of male employees	Person	5,580	5,469	5,310
Total No. of female employees	Person	1,154	1,137	1,097
Total No. of full-time employees	Person	6,734	6,606	6,407
Total No. of part-time employees	Person	0	0	0
No. of employees aged 35 and below	Person	2,878	2,886	2,812
No. of employees aged 36 to 40	Person	736	568	482
No. of employees aged 41 to 50	Person	2,025	2,331	2,528
No. of employees aged 51to 60	Person	1,095	821	585
No. of employees with household registration in the province	Person	6,040	6,009	5,828
No. of employees with household registration outside the province	Person	694	597	579
Proportion of employees with disabilities	%	0.59	0.61	0.62
No. of new jobs added in the reporting period	Person	239	109	60
Labor contract signing rate	%	100	100	100
Proportion of female managers	%	9.8	6.6	5.97
No. of paid vacation days per capita per year	Day	10.96	10.62	10.34
Total social insurance contributions		CNY10,000	18,103.08	18,940.46
Management compensation/Total employee compensation	%	1.61	4.1	4.01
Employee social insurance coverage	%	100	100	100
Employee health examination coverage	%	100	100	100
Total investment in employee training	CNY10,000	586	416.8	251.3
Proportion of employees trained	%	100	100	100
No. of male employees trained	Person	5,580	5,469	5,310
Proportion of male employees trained	%	100	100	100
Training hours per male employee	Hour	86.24	42.15	19.49
No. of female employees trained	Person	1,154	1,137	1,097
Proportion of female employees trained	%	100	100	100
Training hours per female employee	Hour	86.30	42.15	19.49
No. of management employees trained	Person	276	377	402
Proportion of management employees trained	%	100	100	100
Per capita training hours of management employees	Hour	111	57	40
No. of technical business employees trained	Person	961	806	669
Proportion of technical business employees trained	%	100	100	100
Per capita training hours of technical business employees	Hour	109	36	27
No. of operation and maintenance employees trained	Person	5,497	5,423	5,336
Proportion of operation and maintenance employees trained	%	100	100	100
Per capita training hours of operation and maintenance employees	Hour	81	42	17

000 001 100200100 0 322322

Index of Indicators

Feedback

Dear readers:

Hello! Thank you very much for reading the 2021 ESG Report of Chongqing Iron and Steel Co., Ltd.! In order