

HBIS GROUP

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Measures taken to protect environment during publication
Paper: Environmentally friendly paper is used for printing the Report
Ink: Environmentally friendly ink is used to reduce air pollution



2024 HBIS GROUP SUSTAINABILITY REPORT

LEADING THE GREEN , LOW-CARBON AND SUSTAINABLE DEVELOPMENT OF THE STEEL INDUSTRY

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Message from the Chairman

The year 2024 was crucial for achieving the goals and tasks set out in the 14th Five-Year Plan (2021-2025). It was also a decisive year for HBIS to fully complete the location adjustment and to secure a decisive victory in accelerating the transformation and upgrading and in achieving high-quality corporate development. Facing a number of challenges such as fluctuations in global steel market demand, accelerated green and low-carbon transformation, and complex international trade situation, we acted proactively and positively with a high sense of responsibility and mission, intensified our efforts to enhance the brand image of HBIS as a "Chinese ESG Model Enterprise" and contributed our strength to promoting the sustainable development of the world's steel industry.

Insisting on innovation-driven development and building new advantages for industrial upgrading. We have thoroughly implemented the special action of "Three Years to Achieve Improvement, Five Years to Become Stronger," which focuses on the investment in research and development and built a large research and development system with in-depth integration of industry, universities and research institutes, striving to create sources of original technologies and independent innovation hubs. We have fully implemented the innovation-driven strategy, vigorously promoted the optimization and upgrading of the industrial structure, developed and strengthened strategic emerging industries, fully unleashed the advantages and potential of the "Four New Bases," accelerated the corporate transformation from steel to materials and from manufacturing to services, and promoted high-end, intelligent, and green development to achieve a new leap forward.

Adhering to green development and leading the new journey of low-carbon transformation.Following the green development philosophy of "harmonious coexistence of people, steel, and the environment," we, with the objectives for carbon peaking and carbon neutrality in mind, have taken the lead in initiating the development and application of the carbon emission management system and actively built the "5+8+4" digital system solution for carbon neutrality. We have been among the first to implement simulation of trading in the national carbon market. We have worked with BMW, GMW, Haier, Hisense and other high-end customers in the industry chain to jointly build a green and low-carbon steel supply chain and formed a systematic green and low-carbon development strategy featuring energy conservation, reduction of pollution and carbon emissions, circulation, and coordination. We have been awarded the title of "Sustainability Champion" by the World Steel Association for three years in a row and also been recognized as "China's Top Runner for Industrial Carbon Peaking" by China Federation of Industrial Economics (CFIE).

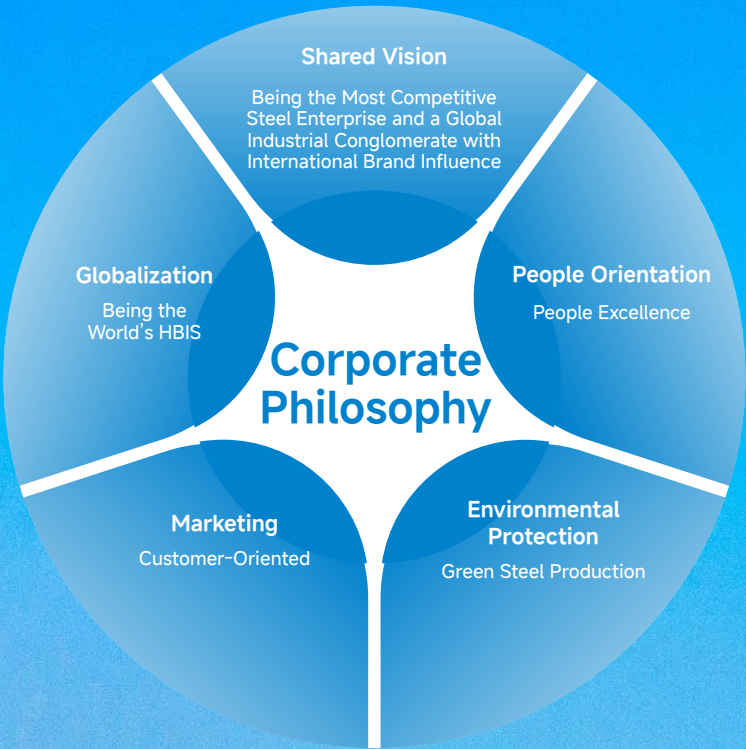
Persisting in harmonious coexistence and jointly building a new open and integrated ecosystem.We have been committed to deepening our relationships with customers and partners in the supply chain and has established an open, cross-industry and cross-sector cooperation model, aiming at jointly building a more sustainable and responsible supply chain ecosystem. Following the strategic positioning of "Pursuing global resources, global markets, and global customers," we have been deeply integrated into the process of globalization and have promoted the high-quality development of the Belt and Road Initiative. We have been recognized as the most internationalized steel enterprise in China for eight consecutive years.

Looking forward to the journey ahead, we forge ahead in great strides. We will pool our collective wisdom and strength, forge ahead with enterprise and keep breaking new grounds for corporate transformation and upgrading and high-quality corporate development, making new and greater contributions to building a great country and advancing national rejuvenation on all fronts through Chinese modernization.

Liu Jian, Chairman of HBIS

Group Profile

Insisting on high-end, intelligent and green development, HBIS Group Co., Ltd. (hereinafter referred to as “HBIS”) promotes the extension of the steel industry chain to high-end manufacturing vertically and advances the structural reorganization of similar businesses horizontally, accelerating the corporate transformation from steel to materials and from manufacturing to services. HBIS is committed to building the most competitive steel enterprise and becoming a global industrial conglomerate with international brand influence and coordinated development of steel materials, emerging industries, overseas business and financial services. As of the end of 2024, the total assets and operating revenue of HBIS had reached RMB553.9 billion and RMB402.1 billion respectively. HBIS has been among the Fortune Global 500 list for 16 years in a row and also has been recognized as the most internationalized steel enterprise in China for eight consecutive years.



Awards & Honors

Member of the Executive Committee of the World Steel Association and Rotating Chairman Unit of the China Iron and Steel Association

Won the “A+” Level Steel Enterprise for Extremely Strong Competitiveness, the highest rating of the MPI Comprehensive Competitiveness (Development Quality) of Chinese Steel Enterprises

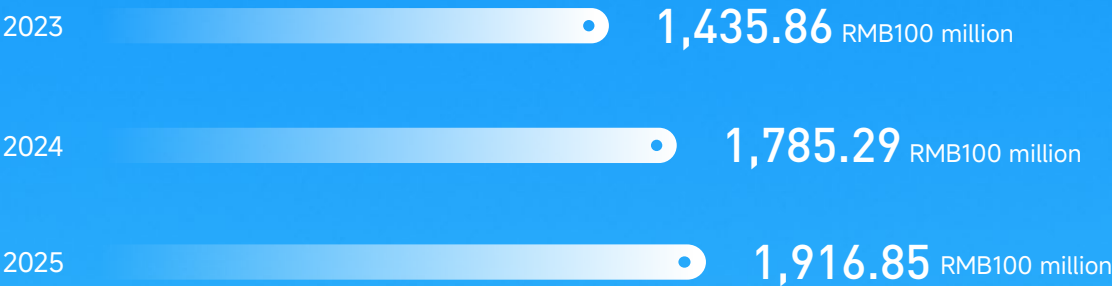
Ranked in the Fortune Global 500 list for 16 consecutive years, with a ranking of **249th** in 2024

Recognized as the most internationalized steel enterprise in China for **8** consecutive years

Ranked **53rd** in the China's 500 Most Valuable Brands of 2025 list with a brand value of RMB**191.685** billion, and **2nd** in the steel industry

Awarded the title of “**Sustainability Champion**” by the World Steel Association for three consecutive years

Brand Value of HBIS in 2023-2025



HBIS in the Rankings from Global Brand Rating Agencies in the past three years (Unit: Position)

★ Fortune Global 500

2022	2023	2024
189	229	249

★ Asia's 500 Most Influential Brands

2022	2023	2024
142	138	135

★ China's 500 Most Valuable Brands

2023	2024	2025
53	53	53

★ Top 100 Chinese Multinational Corporations and Multinational Index

2022	2023	2024
34	37	38

★ Top 500 Chinese Enterprises

2022	2023	2024
62	69	66

★ Top 500 Chinese Manufacturing Enterprises

2022	2023	2024
17	22	22

★ Top 100 Leading Enterprises in China's Strategic Emerging Industries

2022	2023	2024
—	—	36

Leadership Team

■ Liu Jian ■

Chairman,
Secretary of the CPC Committee

■ Wang Lanyu ■

President, Vice Chairman,
Deputy Secretary of the CPC
Committee

■ Li Bingjun ■

Deputy Secretary of the CPC
Committee, Board Director

■ Wang Yaobin ■

Vice President

■ Hu Zhigang ■

Chief Financial Officer

■ Li Yiren ■

Vice President

■ Dong Shidang ■

Secretary of the Discipline Inspection
Commission, Standing Committee
Member of the CPC Committee

■ Huang Yongjian ■

Vice President, Standing
Committee Member of the
CPC Committee

Organizational Structure



SDGs Map

1 HBIS donated a total of RMB1.578 million to 15 villages under the paired-up assistance policy and one village with resident working team dispatched by the Group, including RMB658,000 to three paired-up villages in Laiyuan County and one village with resident assistance personnel in Luanzhou City, Hebei Province.

2 HBIS carried out 60 activities to coordinate production and sales for 15 paired-up villages, purchasing and helping sell more than 30 varieties of agricultural and sideline products worth more than RMB10.9 million from the paired-up counties and villages.

3 HBIS focused on key areas such as educational assistance and assistance to vulnerable groups, continued to deepen public welfare practices, and built a group of public welfare brands; strengthened occupational health management, carried out occupational health examinations, and improved the occupational health literacy of all employees.

4 HBIS carried out the "Educational Assistance in Golden Autumn" activity for years, and provided financial assistance to 285 children of its employees for their further studies in 2024, which enabled employees and their families to feel the care and warmth from the Group.

5 HBIS valued and cared about female employees, effectively protected their rights and interests, and encouraged them to contribute to technological upgrading, transformational development, as well as innovation and creation with the "Power of She."

6 HBIS vigorously promoted the harmonious coexistence of steel companies and urban water environment, continuously improved the proportion of urban recycled water in water sources and did its utmost to avoid competing with the public for water resources. The Group implemented the project of urban heating by utilizing the low-temperature residual heat from electric furnace steelmaking to achieve zero wastewater discharge and minimize the impact of steel production on the urban water environment.

7 HBIS accelerated the promotion of renewable energy substitution initiative, achieved stable and smooth operation in the hydrogen metallurgy demonstration project, and completed the green hydrogen refueling test, which was successfully selected as a typical case of strategic transformation for energy security by the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council. The Group intensified its efforts in purchasing green electricity and developing distributed renewable energy power generation and ranked among the top 10 enterprises in the country in terms of the scale of green electricity consumption. The Group also conducted research on the substitution technology of using biomass carbon powder for electric furnace, as well as the demonstration project of this process.

8 HBIS paid employees on time and in full, continued to deepen the reform of the value contribution-oriented salary system, and strived to create a warm, happy, healthy and orderly working environment for employees.



9 HBIS effectively promoted the special action of "Three Years to Achieve Improvement, Five Years to Become Stronger," with an annual investment of RMB12.694 billion in research and development, up 25 percent from a year earlier. The Group organized the formulation of two international standards and five national standards and won 23 science and technology progress awards at provincial or ministerial level.

10 HBIS adhered to equal pay for equal work and the principle of diversity and equal employment, ensuring that employees have equal development rights and opportunities. The Group strictly prohibited the employment of child labor and opposed all forms of employment discrimination and forced labor.

11 HBIS regarded rural revitalization as its primary political task, clarified the guiding philosophy and work priorities for rural revitalization, and studied targeted assistance measures.

12 HBIS effectively advanced the three-year drive to address the root causes of workplace accidents and ensure production safety. The rate of special operations personnel with certificate for work, the rate of third-level safety education for new employees, and the coverage rate of work safety training of the Group were all 100 percent.

13 HBIS kept enhancing carbon emission management, and renewed and upgraded the WesCarber Digital Platform for Carbon Neutrality. The Group took the lead in the industry in initiating and completing the simulation of trading in the national carbon market.

15 HBIS carried out monitoring projects for butterflies, reptiles, vegetation, among others, and formed a long-term monitoring system to provide a scientific basis for evaluating protection results and adjusting protection strategies. The Group clearly delineated and strictly protected key natural habitats to provide stable living spaces for numerous wildlife species.

17 HBIS strengthened the total life cycle management (TLCM) for suppliers, reviewed a total of 2,258 suppliers, and invested RMB1.10 million in supplier training. The Group established strategic sharing and cooperation platforms with, among others, the People's Government of Zhangjiakou City, China Iron & Steel Research Institute Group (CISRI), and University of Science and Technology Beijing (USTB).

Feature Story I

Leading the Way in Low-Carbon Development and Building a Green and Low-Carbon Ecosystem

Following the philosophy of “harmonious coexistence of people, steel, and the environment,” HBIS has intensified its efforts in pursuing green development and conducting innovation on the journey towards achieving the objectives for carbon peaking and carbon neutrality. The Group has consciously played a demonstration and leading role in green, low-carbon and high-quality development, and continuously provided green, low-carbon and sustainable development solutions for the high-quality development of the steel industry.

Giving Full Play to the Advantages of Hydrogen Metallurgy and Leading the Green Development of the Industry

Since the world's first 1.2-million-ton hydrogen metallurgy demonstration project achieved safe, smooth and continuous production of green direct reduced iron (DRI) products in May 2023, HBIS has become one of the pioneers in large-scale application of the hydrogen metallurgy technology in the steel industry. Relying on the hydrogen metallurgy project, the Group has accelerated the formulation of safety regulations and standards for hydrogen metallurgy, led or participated in the formulation of 11 relevant national and industry standards, and promoted demonstration initiatives in the field of hydrogen metallurgy. “A new short-process, green and low-carbon smelting technology for hydrogen-based shaft furnace” was selected into the *Recommended Catalogue of Advanced Processes, Technologies and Equipment for the Steel Industry in Hebei Province in 2024*. “Hydrogen metallurgy direct reduced iron technology” was selected into the 5th batch of *Catalogue of Key Low-carbon Technologies Promoted by the State*.

Case Zhangxuan Tech achieves green hydrogen metallurgy for the first time

On September 9, 2024, the world's first 1.2-million-ton hydrogen metallurgy demonstration project, which was launched at Zhangxuan Tech by HBIS, successfully used green hydrogen as a reducing gas to achieve stable production, with a 100 percent product qualification rate and a metallization rate of over 94 percent, verifying the technical feasibility of “green electricity-green hydrogen-green steel” production and enriching the raw gas source for hydrogen metallurgy, which marked an important step for Zhangxuan Tech in exploring the realization of a near-zero-carbon hydrogen metallurgy technology using 100 percent green hydrogen.



A view of Zhangxuan Tech

Deepening Industry Chain-Based Cooperation and Expanding the Ecosystem for Green Development

HBIS has taken the initiative to seize the new opportunities brought about by the gradual transition from control of total amount and intensity of energy consumption to control of total amount and intensity of carbon emissions, focused on the entire process of raw materials, manufacturing and application of steel, and achieved a systematic layout of collaborative carbon reduction models across the entire industry chain and the entire value chain.

Raw materials

HBIS conducted cooperation on decarbonization of the value chain in the steel industry with BHP, Rio Tinto, Vale and Sinopec, jointly promoting the expansion of low-carbon raw materials and the optimization of iron ore resources in the steel industry.

Manufacturing

HBIS-POSCO Automotive Steel, a 50-50 joint venture between HBIS and POSCO, as well as the largest single-scale high-end automotive steel plate producer in China, was put into operation. HBIS signed a cooperation agreement on joint development project of digital and green plant for HBIS Serbia with Siemens.

Application

HBIS joined hands with Haier and Hisense to build a green and low-carbon steel industry chain for home appliances and home furnishings, and to expand the downstream cooperation areas from the automotive industry to the home appliance and home furnishing industry.



HBIS signed a MOU on climate change collaboration with Rio Tinto

Feature Story I

Leading the Way in Low-Carbon Development and Building a Green and Low-Carbon Ecosystem



2024 International Symposium on Hydrogen Metallurgy



HBIS signed a MOU on climate change collaboration with Vale

Boosting Innovation in Science and Technology and Facilitating the Realization of Objectives for Carbon Peaking and Carbon Neutrality

HBIS has kept accelerating the integrated development of new-generation information technology and cutting-edge green and low-carbon technologies, and conducted research on technologies that facilitate to achieve a breakthrough in carbon reduction by using CCUS approach, long-process smelting of high-quality automotive steel plates with a high-proportion of scrap steel, short-process production of high-end special materials, among others, striving to promote the transformation and upgrading of the steel industry under the background of carbon neutrality. In 2024, the *Key technologies research and engineering demonstration project for the long-process smelting with full-oxygen, hydrogen-rich and low-carbon ironmaking method* was selected into the list of the first batch of green and low-carbon advanced technology demonstration projects by the SASAC of the State Council.

- Tangsteel Company launched six low-carbon development process routes including the “Higher proportion of pelletized ore + long-process smelting with scrap steel utilization,” among which the “Localization of large-scale straight grate and innovation in key technology for pellet production” project filled the technical gap in China’s domestic large-scale straight grate process and equipment.
- The first batch of ultra-deep drawing steel for automotive panels produced by Hansteel Company through the long-process with a large proportion of scrap steel reached the industry-leading level in terms of technology and quality.
- Zhangxuan Tech used carbon dioxide capture and refining technology to transform carbon dioxide into high value-added products, achieving deep decarbonization.
- As the first company in China to adopt the short-process smelting technology using all scrap steel in electric furnaces, as well as the advanced treatment technology, Shisteel Company, relying on the most sophisticated short-process smelting technology, cumulatively developed over 80 high-end green and low-carbon products, setting a benchmark for green and clean production in the world’s steel industry.



Cold-rolled products

Feature Story II

Optimizing Regional Business Layout and Shaping the Competitiveness of the "Four New Bases" in HBIS

HBIS has actively implemented the *Plan for the Transformation and Upgrading of HBIS Group (2018-2025)*, turning the challenge of location adjustment into the opportunity of high-quality development. On June 6, 2024, the Hansteel New Plant of HBIS was fully put into production, which was another important initiative to continuously promote the adjustment of industrial structure following the production of Tangsteel New Plant and Shisteel New Plant, as well as the green transformation of Zhangxuan Tech, marking the successful completion of the Group's location adjustment. The "Four New Bases" have showcased strong competitiveness and new comparative advantages, achieving a true win-win situation for steel plants and cities.

Tangsteel New Plant: A new generation of green, intelligent and branded process-based steel plant



Tangsteel New Plant takes the development of green and low-carbon products throughout the full life cycle as its main direction, and the product positioning is for high-end automotive plates, household appliances plates, construction materials, and high-strength steel for marine use. Tangsteel New Plant has formed a high-end specialty product group with high-end automotive wide-width panels and high-strength automotive steel as the main products, and high-grade pipeline steel, high-strength engineering machinery steel, and hot-dip galvanized steel for structures as the focus.

Hansteel New Plant: A compact, intelligent and modernized steel base with a full range of processes

Hansteel New Plant comprehensively utilizes smart plant information technology, sophisticated energy efficiency technology, and low-carbon technology to accelerate the high-end and green development of its product structure. Focusing on the research and development of ultra-wide, ultra-thick, ultra-high-strength, high-grade quenched and tempered wear-resistant steel and high-strength steel, Hansteel New Plant is committed to building a high-end production base for high-strength steel and wear-resistant steel products in north China. It develops and produces six types of high-end benefit-generating products including the new generation of hot-formed auto steel wheels and the high-strength auto steel beams, striving to build a high-end product base.



Zhangxuan Tech: China's first green transformation demonstration zone for the steel industry



Zhangxuan Tech fully leverages the advantages of hydrogen metallurgy to move faster into the market of high-end green materials. Focusing on the personalized needs of high-end customers in the aerospace, offshore engineering, petrochemical and other industries, Zhangxuan Tech has successfully developed more than 60 high-end green new materials such as 6000ppm high-nitrogen stainless steel, aviation welding wire, and U5 series high-strength alloy steel.

Shisteel New Plant: China's first green and low-carbon special steel enterprise with short-process smelting technology using all scrap steel in electric furnaces

Shisteel New Plant continues to explore new paths for process transformation in the steel industry, focuses on customer needs, increases investment in scientific research, and carries out technical research on high-end special steel materials required by high-end automobiles, engineering machinery, railways and rail transit, energy and other industries, seeing that the upgrading of products is accelerating. Shisteel New Plant has become China's first green and low-carbon special steel enterprise with short-process smelting technology using all scrap steel in electric furnaces.



Value: Making Brand Shine Brighter

In our understanding

The 2024 Central Economic Work Conference has put forward that it is imperative to “develop new quality productive forces and modernize the industrial system through innovation in science and technology.” Product innovation capability is the core driving force for steel companies to break through the homogeneous competition. Digital and intelligent empowerment is one of the important paths for developing new quality productive forces. It is imperative to move faster to tackle problems in core technological research that hinder the country’s development, create a number of flagship products and make corporate transformation higher-end, smarter, and more eco-friendly.

Actions taken by HBIS

HBIS has taken the initiative to integrate itself into major national strategies to provide high-quality products that adapt to national development and play a role in serving the overall national interest. The Group has effectively promoted the special action of “Three Years to Achieve Improvement, Five Years to Become Stronger,” which focuses on the investment in research and development, accelerated the integration of scientific and technological resources, and planned and applied cutting-edge leading technologies in a scientific manner, striving to create new strength in high-end manufacturing. The Group has independently developed a series of high-quality products in the fields of, among others, advanced materials and intelligent manufacturing, comprehensively enhancing the technological influence and competitive soft power.



High-quality Products and Services

Serving National Strategies

Focusing on the product demands in both domestic and foreign markets, HBIS has fully leveraged its advantages in integrated production, marketing and research, as well as the high-end products, proactively undertaken and closely followed national key projects, and facilitated the high-quality construction and long-term safe operation of those projects. The Group has actively participated in the development of the Belt and Road Initiative and provided high-quality products and services to countries and regions along the route. A batch of high-quality products of HBIS were used in the Beijing 2022 Olympic Winter Games, PV projects, urban construction, and the infrastructure projects under the Belt and Road Initiative.



A number of steel products for marine engineering produced by Wusteel Company replaced imports and filled the domestic market gap. Those products have been widely used in the manufacturing of key structures of offshore drilling platforms, etc.



The thin-section low-alloy high-strength structural steel produced by Tangsteel facilitated the construction of PV projects in Algeria, the largest country in Africa



The wide and thick steel plates produced by Wusteel Company were used for the construction of Hong Kong-Zhuhai-Macao Bridge, China’s first major combined bridge and tunnel sea-crossing project



The steel products developed by Wusteel Company for nuclear power plant contributed to the construction of the "the Hualong One" project

Providing Superior Products

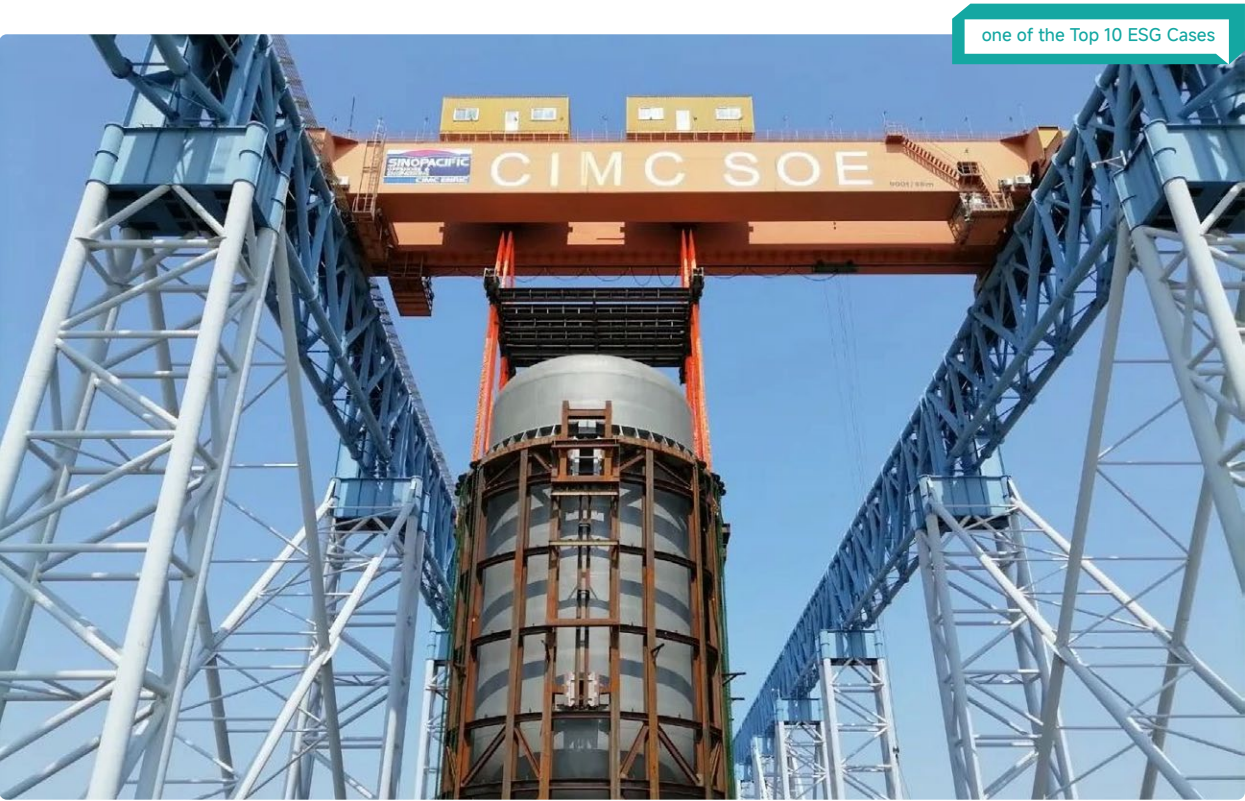
HBIS strictly abides by the *Product Quality Law of the People’s Republic of China*, *Standardization Law of the People’s Republic of China*, and other laws and regulations, and has systematically enhanced quality improvement from the aspects of, among others, perfecting the institutions and systems, improving product quality, strengthening supervision and assessment, and fostering a quality culture.

Product Research and Development

Insisting on high-end product positioning, conforming to the forward-looking development of downstream industries, and following the principle of cooperation among major industries and specialization in minor ones, HBIS has clarified the positioning of production lines and the division of labor, as well as the three-year action plan. The research and development of new products has achieved remarkable results, and the influence of the Group in the industry has also been further enhanced.

In 2024, the Group independently developed 195 new products with high value-added in accordance with national strategies and major market demands. Among them, a total of 25 products including the 204mm high-end ultra-thick low-temperature container steel (SA662GrC) and the deep-sea oil-resistant low-temperature spring steel (60Si2CrNi) filled the gap in the domestic market. A total of 19 products including the dual-phase steel (CR440Y780T-DP) and stabilizer bar steel for autos (SUP9-SG) replaced the imported ones.





one of the Top 10 ESG Cases

The high-performance 9Ni steels produced by HBIS were applied to the world's first large-scale vertical ultra-high LNG double-lug marine fuel tank



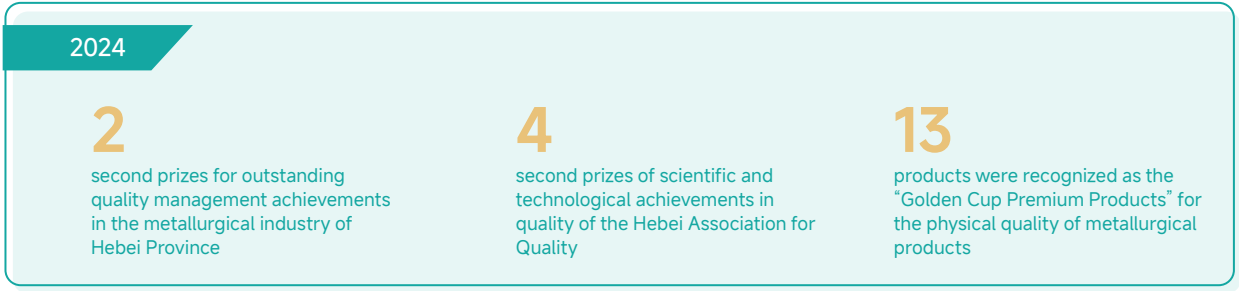
The high-end color plates with beautiful appearance specially developed by HBIS led the new trend in the appearance design of high-end home appliances



Tangsteel Company's 2GPa super anti-hydrogen embrittlement hot-forming steel, which was the first of its kind in China, rolled off the production line

Quality Management

HBIS has kept improving its quality management system, accelerated quality upgrades and product certification audits, and enhanced the quality and safety awareness of all employees through campaigns such as the "Quality Month" and "Quality Year." In 2024, the Group won two second prizes for outstanding quality management achievements in the metallurgical industry of Hebei Province, and four second prizes of scientific and technological achievements in quality of the Hebei Association for Quality. In addition, a total of 13 products were recognized as the "Golden Cup Premium Products" for the physical quality of metallurgical products.



The technical indicators of the Q_insight, a quality insight analysis system developed by Tangsteel Company, reached the leading level in China



Engineers of Chengde Vanadium Titanium inspected the rolled quality of the special acid-washed vanadium-containing steel

Conducting Responsible Marketing

Insisting on the service philosophy of putting customer first, HBIS has built a customer management and service platform to provide integrated services covering the entire process from pre-sale, in-sale to post-sale for customers. The Group has learned about customers' satisfaction with products and services through approaches such as the *Customer Satisfaction Survey Form* and the *Customer Loyalty Survey Analysis Form* and solved practical difficulties for customers through the unified coordination of the integrated service team covering various units of production, marketing, research and logistics. The Group respects and safeguards the customers' right to know about the products and promotes products in compliance with regulations. In 2024, the Group's response rate to customer demands was 100 percent, the completion rate for handling quality complaints was 100 percent, and the customer satisfaction was 95.2 percent.

Case Customer service platform, a "magic weapon" of HBIS for customer service

HBIS has established a customer service platform, enabling customers to enjoy visualized services through mobile phones or computers. The self-service module of the platform is equipped with five major functions including demand planning, contract tracking, and settlement of invoices. Customers can query the progress of contracts at any time, as well as download invoices and warranty certificates. The platform can promptly learn about customer demands and provide faster feedback to customers, thereby enhancing customer satisfaction and trust.



Customer service center of HBIS



Conference on supply-demand matchmaking of marine steel & green shipbuilding seminar held by HBIS

Third-Party Testimonials

HBIS has established a dedicated service team integrating sales, production, research and operation for Midea. As trustworthy long-term strategic partners, the two parties have achieved phased results in cooperation in joint technology research and development, mutual guarantee of resources, and platform sharing.

—Midea

The first-class quality and sincere services of HBIS make it a trustworthy partner.

—PipeChina

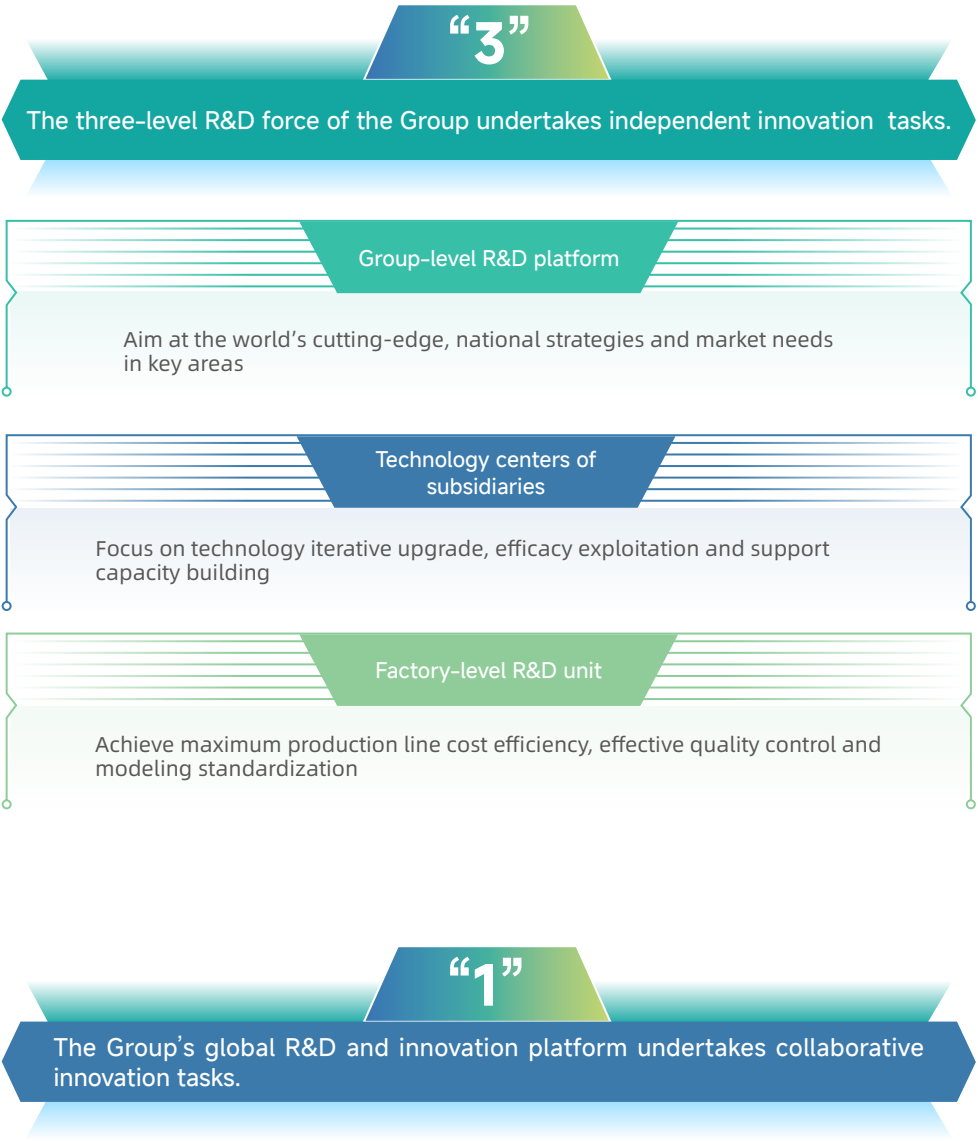
Protecting Customer Data and Privacy

Relying on sophisticated data management technologies, HBIS has independently developed an IT system to achieve more effective data management, more efficient data standardization, and more secure system information. The Group has formulated the *Administrative Measures for Customer Master Data* to clarify the data scope and permission corresponding to business needs. The Group has conducted information security training regularly to improve the security awareness and response capabilities of employees. The Group has strictly implemented the permission setting and approval system, adopted encrypted interfaces to transmit data, and used special characters to display and replace key information. With those effective information security management mechanisms, the Group has further enhanced the protection of customer privacy.

Technology Innovation

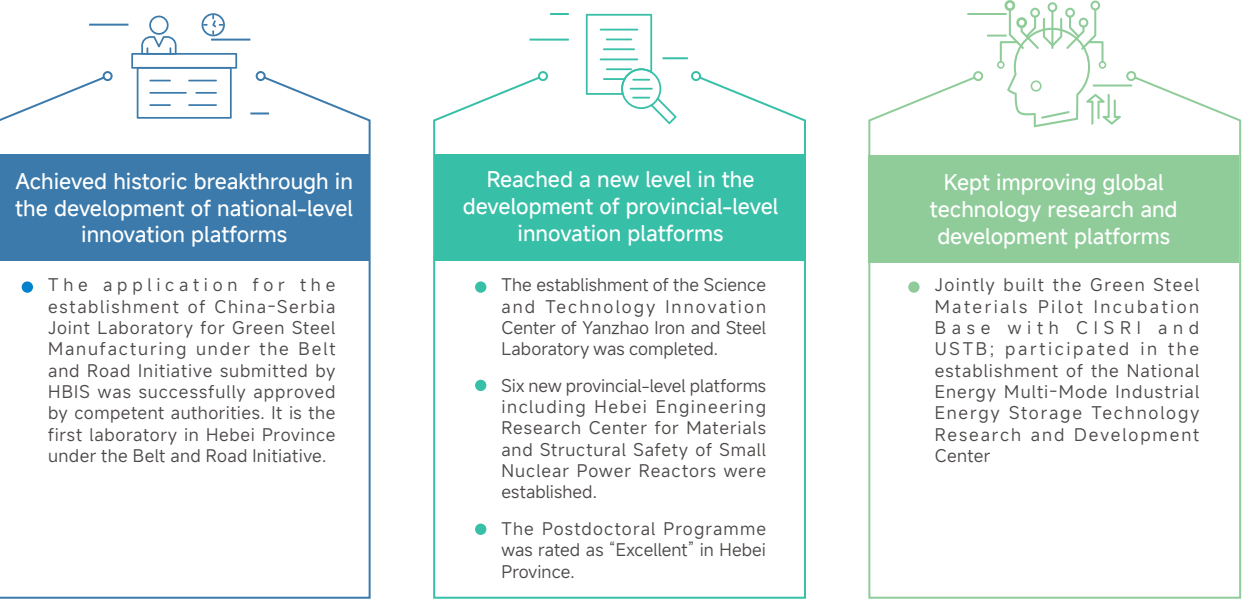
Developing Innovation Mechanisms

HBIS has further promoted the special action of “Three Years to Achieve Improvement, Five Years to Become Stronger,” which focuses on the investment in research and development. Relying on the “3+1” research and development system, the Group has established a “three-in-one” collaborative innovation system consisting of a research and development platform at the Group level, technology centers of subsidiaries, and plant-based research and development units. The Group has promoted the open competition mechanism to select the best candidates to undertake key research projects and the innovative mechanism for project-based management, providing a strong foundation for supporting the transformation of scientific and technological achievements and scientific researchers to engage in innovative work. In 2024, the Group’s investment in research and development reached RMB12.694 billion, up 25 percent year-on-year.



Building Research and Development Platforms

HBIS has pooled global intellectual resources to jointly build global technology research and development platforms with world’s leading companies and well-known research institutes in the fields of, among others, research and development of metal materials, process research, green and low-carbon development, and intelligent improvement. As of the end of 2024, the Group had 45 effective high-tech enterprises and 39 innovation platforms at the provincial level and above.



Conducting Innovation in Talent Cultivation

HBIS has printed and issued the *Implementation Measures for the Development of a “Four-Level” Talent Pool for the Science and Technology Personnel* to foster innovative and multidisciplinary talent. The Group has organized and held cross-disciplinary training sessions for innovative talent, aiming at enhancing the in-depth integration of professional competence and disciplinary knowledge of the technical personnel at the production line.

Case HBIS makes innovation studios a “big stage” for employee innovation

HBIS selected model workers, craftsmen and master technicians as representatives and established nine national-level innovation studios and 64 provincial-level innovation studios with them as leading personnel. The Group innovated talent cultivation model and turned those innovation studios into “training grounds” for talented people.



Members of the provincial-level innovation studio of HBIS Materials Institute carried out experimental research and data collection under national standards



Leader of the “Tian Guiyong Innovation Studio” of Hansteel Company and his team conducted innovative scientific research project

Boosting Innovative Achievements in Science and Technology

HBIS has taken the initiative to establish cooperative relations with colleges and universities to make plans for major projects, both at national and provincial levels, and successfully applied for four national key projects and 12 provincial special projects, including “Technology and Integrated Demonstration for the Development of a Waste-Free Industry Chain of Vanadium-Titanium New Energy,” receiving government financial support of RMB59.88 million in total. The Group has planned and launched 55 research projects under the open competition mechanism, 37 research projects under the project-based research model, implemented seven technology transplantation projects, and conducted the research and development, promotion and application of more than 90 new processes and new technologies. Two achievements have won the first prize of Hebei Science and Technology Progress Award, and 11 achievements have won the prizes of Metallurgical Science and Technology Award, including one special prize.

one of the Top 10 ESG Cases

Case Technological innovation fills the domestic gap in large-size high-boron steel for nuclear fusion

In 2023, the SASAC of the State Council launched the Future Industries Initiative, clearly defining the field of controlled nuclear fusion as the only direction for future energy. HBIS Materials Institute, in collaboration with the Institute of Plasma Physics of the Chinese Academy of Sciences, completed 12 rounds of pilot tests within half a year, overcoming a number of technological bottlenecks and achieving the successful trial production of 2%B in high-boron steel for large-size engineering applications in China for the first time.

Protecting Intellectual Property Rights

HBIS has been continuously innovating in the fields of, among others, the research and development of high-end products, intelligent control technology for production lines and hydrogen metallurgy, and has successfully applied for the “HINEX Steel®” low-carbon series trademark. In line with the overseas market demand for the Group’s products, HBIS has submitted the international trademark registration application under the Madrid Protocol for the “HINEX Steel®” trademark to major EU countries. In 2024, the Group obtained one authorized international patent; a total of 1,059 patent applications were accepted, among which 762 patents were authorized; the “Steel plate comprising zinc-aluminum-magnesium coating and manufacturing method therefor,” a patent for invention, obtained the PCT international patent authorization.

2024

Obtained

1

authorized international patent

A total of

1,059

patent applications were accepted

Among which

762

patents were authorize

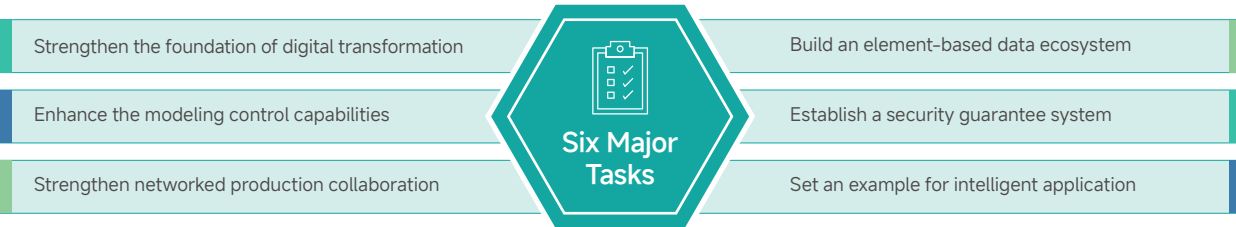


Intelligent Manufacturing

Strengthening Top-Down Design

HBIS has coordinated the promotion of intelligent upgrading, formulated the *Three-Year Action Plan of HBIS for Intelligent Improvement (2024-2026)*, and officially launched a new round of intelligent enhancement initiative. The Group has accelerated the implementation of its IT development plan, strengthened the integrated and efficient operation and management of the main business of steel and various specialized sectors, and promoted the transformation from a pure production enterprise to a “manufacturing + service” enterprise.

Six Major Tasks of the *Three-Year Action Plan of HBIS for Intelligent Improvement (2024-2026)*



Developing Digital and Intelligent Technologies

HBIS has actively integrated and made good use of scientific research and technical forces inside and outside the Group, promoted the research and development of key technologies for intelligent manufacturing through the implementation of national special projects, and intensified its efforts to boost technological upgrading. In 2024, the Group sorted out and formed 84 independent and controllable core technologies and included 45 well-proven and mature products such as automatic steel tapping and heating furnace combustion in the promotion and application plan within the Group. A total of 26 key research and development projects of the Group were completed and accepted, improving the high-quality supply of steel materials.

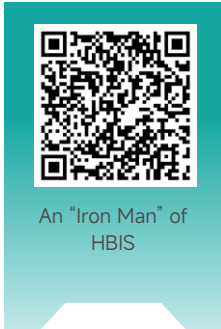


Conducting AI Initiative

The Group has fully implemented the “AI Plus” initiative, striving to create new advantages, cultivate new momentum, and enable high-end, intelligent, and green development. Adhering to the technical idea of combining mechanistic model with data models, the Group has actively developed full-process and full-procedure modeling applications. By continuously deepening the integration of cutting-edge technologies in the field of AI such as DeepSeek with typical scenarios of HBIS, the Group has kept optimizing production process, improving efficiency and reducing costs, promoting the transformation of innovation results in science and technology into corporate competitiveness.

Building Development Strength

Based on the initiative for the building of excellence-level intelligent factories and the three-year action plan for intelligent improvement, HBIS has comprehensively promoted the “AI Plus” initiative, with the focus on the in-depth application of AI in five dimensions, that is, corporate management, marketing, manufacturing process, product development, and green and low-carbon growth. In line with actual needs, the Group has promoted work in all areas by drawing upon the experience gained on key points and by well-coordinated and inter-connected efforts, committing to building a “global agent.” As of the end of 2024, HBIS has five national-level intelligent manufacturing demonstration factories, three excellence-level intelligent factories, one “Digital Champion” enterprise, and one pilot enterprise for the digital transformation of state-owned enterprises.



An “Iron Man” of HBIS

Excellence-Level Intelligent Factories (1st Batch) Recognized by the MIIT



Tangsteel Company's intelligent steel plant featuring new generation of metallurgical processes



Shisteel Company's green short-process special steel plant with intelligent technologies



Intelligent mine with integrated mining and selection process of Zhongguan Iron Mine of HBIS Mining

Value:
Making Brand
Shine Brighter

Environmental:
Creating Ecology
more Harmonious

Social:
Contributing to
a Better Society

Governance:
Ensuring Operations
More Robust

Empowering Industrial Ecosystem

In 2024, HBIS successfully launched its independently developed the “WeShyper Iron and Steel Large Language Model (LLM),” an AI-based LLM in the vertical sector of steel industry, empowering the high-quality development of the industry with AI. Through connecting cutting-edge technologies in the field of AI to the WeShyper Industrial Internet Platform of HBIS, the Group has successfully built a “LLM + SML + Agent” system to drive intelligent decision-making and targeted control.



WeShyper Iron and Steel Large Language Model, an advanced AI system

WeShyper (威赛博) 工业互联网平台构筑流程工业智能新未来

采购供应链	矿山/化工行业				钢铁与有色金属行业				船舶、汽车、航空、家电、家居、包装			
	SaaS				PaaS				IaaS			
	应用开发中心				物联网中心				大数据中心			
	工业智能中心				工业仿真				边缘计算			
成品	应用开发中心				物联网中心				大数据中心			
	工业智能中心				工业仿真				边缘计算			
	应用开发中心				物联网中心				大数据中心			
	工业智能中心				工业仿真				边缘计算			
仓库管理	应用开发中心				物联网中心				大数据中心			
	工业智能中心				工业仿真				边缘计算			
	应用开发中心				物联网中心				大数据中心			
	工业智能中心				工业仿真				边缘计算			
出厂管理	应用开发中心				物联网中心				大数据中心			
	工业智能中心				工业仿真				边缘计算			
	应用开发中心				物联网中心				大数据中心			
	工业智能中心				工业仿真				边缘计算			
数字化销售平台	应用开发中心				物联网中心				大数据中心			
	工业智能中心				工业仿真				边缘计算			
	应用开发中心				物联网中心				大数据中心			
	工业智能中心				工业仿真				边缘计算			

WeShyper Industrial Internet Platform of HBIS was selected into the list of national cross-industry and cross-sector industrial internet platforms for two years in a row

Environmental: Creating Ecology more Harmonious

In our understanding

Against a backdrop guided by the objectives for carbon peaking and carbon neutrality in the new era, the green and low-carbon transformation is imminent for the steel industry. Facing the huge pressure of environmental protection and severe challenges of transformation, breaking through the traditional path dependence, building a full-process clean production system from raw materials procurement, production and manufacturing to product application, and constructing a green and low-carbon steel industry chain are the inevitable paths for an enterprise to achieve sustainable development.

Actions taken by HBIS

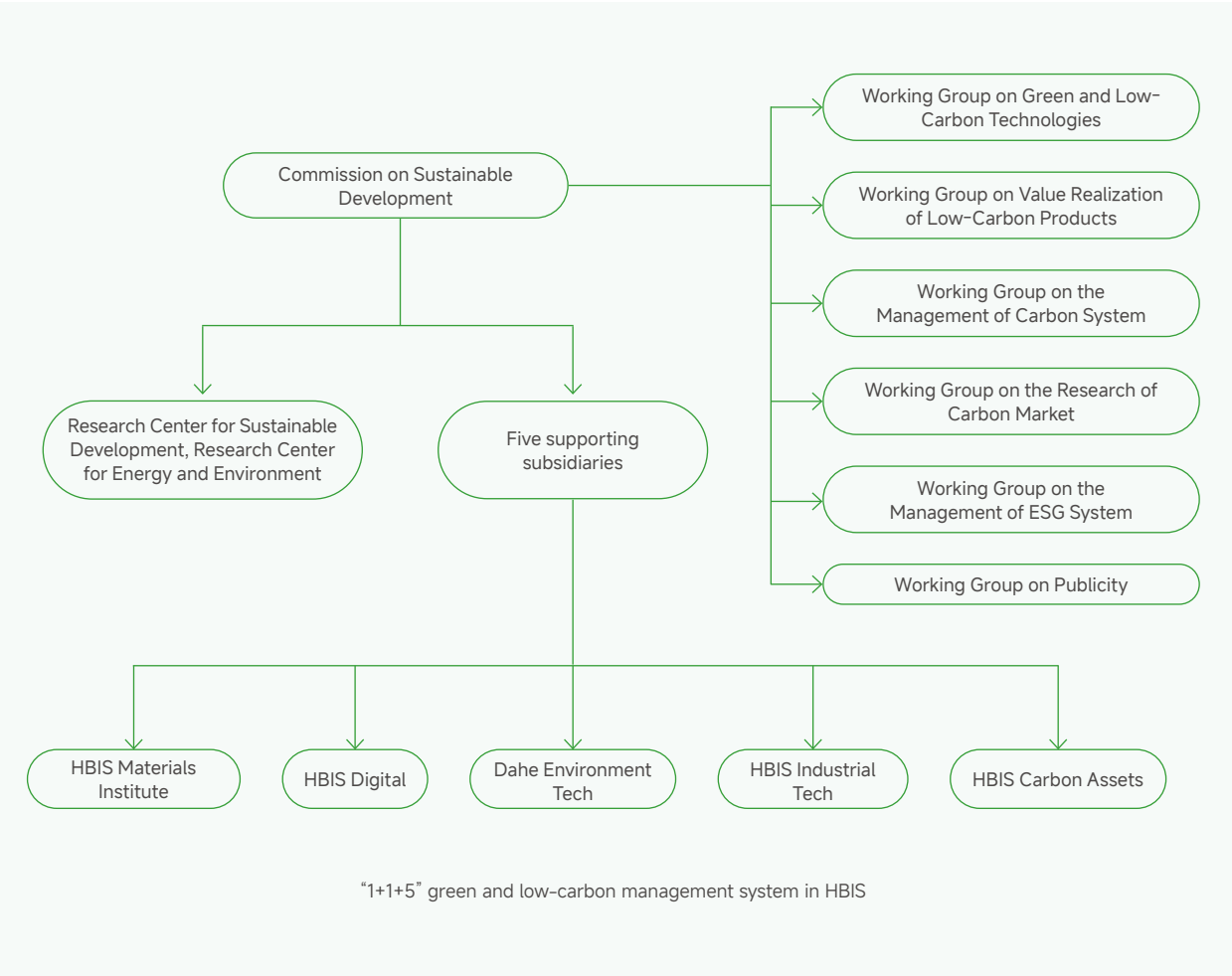
Committed to green steel production, HBIS has actively conducted research on carbon neutrality technologies, vigorously promoted the application of advanced technologies relating to energy-saving and emission reduction, systematically optimized process flows, accelerated the creation of a green and low-carbon steel industry chain with resource sharing and complementary advantages, carried out ecological and environmental protection initiatives in an orderly manner, and strived to become an industry benchmark for green steel, contributing to creating a better future of harmony between humanity and nature.



Climate Change Response

Governance

HBIS has incorporated climate change-related matters such as scenario analysis, risk identification and opportunity management into its daily supervision and management scope; established a “1+1+5” green and low-carbon management system, set up the Sustainable Development Commission at the Group level, established a new energy and environment research center, coordinated the research and formulation of a strategic plan for the energy system of the Group, and carried out the research and development, demonstration and promotion of key technologies relating to the reduction of pollution and carbon emissions, as well as the research on efficient resource utilization; compiled work briefings of the Sustainable Development Commission on a monthly basis, conducted regular supervision on climate-related risks and opportunities at the Group level, and identified the potential impacts of climate change on corporate operation, investment, technology research and development and other scenarios; carried out climate change-related training according to demands, organized publicity campaigns, and learned the latest environmental policies and regulations. In 2024, the Group conducted more than 10 training sessions and on-site coaching on, among others, Product Carbon Footprint (PCF), Carbon Border Adjustment Mechanism (CBAM) and carbon data management, and trained more than 50 professionals in the field of Life Cycle Assessment (LCA).



Value:
Making Brand
Shine Brighter

Environmental:
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Contributing to
a Better Society

Governance:
Ensuring Operations
More Robust

Strategy

As an enterprise that operates the entire chain of the steel industry, HBIS has deeply realized the systematic challenges that climate change brings to raw material procurement, production and manufacturing, logistics and transportation, and product life cycle management. The Group has also created development opportunities for green and low-carbon transformation, circular economy-based business layout, clean energy application, and others. On this basis, we have carried out systematic climate risk and opportunity assessments to ensure a dynamic balance between risk prevention and control and the seeking of strategic opportunities.

Time frame: When conducting the analysis of climate risks and opportunities, HBIS has divided the time scale into three stages based on the time range of risk impacts: Short-term (0-1 year), medium-term (1-5 years), and long-term (5 years and above).

Risk type	Risk description	Management and response strategies
Physical risks		
Short-term risks	Hebei Province is located in the North China Plain and is prone to extreme rainstorms and floods in summer, which may destroy plant equipment, interrupt logistics and transportation, and cause production stagnation.	<ul style="list-style-type: none">Strengthened flood prevention facilities in the plant area and established a disaster warning mechanism;Developed emergency plans to ensure backup power supply and raw material reserves for key equipment;Developed a diversified logistics network to reduce reliance on a single transportation route.
	The frequent smog weather in Hebei Province in winter may trigger production restriction policies for the consideration of environmental protection, leading to compulsory production cut.	<ul style="list-style-type: none">Carried out ultra-low emission transformation for the entire steel production process;Strengthened energy-saving measures such as waste heat and waste pressure recovery and energy system optimization.
Medium and long-term risks	Global warming may lead to persistent high temperatures and extreme hot weather, increasing the electricity load in summer and intensifying the risk of power rationing.	<ul style="list-style-type: none">Developed distributed photovoltaic (PV) projects and wind power projects for self-use on the roofs and open spaces of the plant areas, and increased the proportion of self-generated green electricity;Carried out technical research and development to enhance the efficiency of self-owned power generation units;Improved the production conditions and capabilities of short-process enterprises to shift power use from peak hours (when demand is high) to off-peak hours (when demand is low) and reduced the production intensity during peak hours.
	Hebei Province is a region with extremely scarce water resources. Climate change may increase the frequency of droughts and the supply of cooling water on which steel production relies may be limited.	<ul style="list-style-type: none">Invested in and promoted new water-saving technologies such as seawater desalination and dry dust removal to minimize fresh water consumption;Increased the utilization of unconventional water resources such as urban recycled water and rainwater to reduce dependence on surface water resources.

Impacts, Risks, and Opportunities Management



Strengthening
Top-Down Design

HBIS has kept exploring the top-down design of green transformation for steel enterprises, forming a systematic green and low-carbon development strategy featuring energy conservation, reduction of pollution and carbon emissions, circulation, and coordination. The development of the carbon emission management system has begun to show results.

Stage I
(2013—2016)

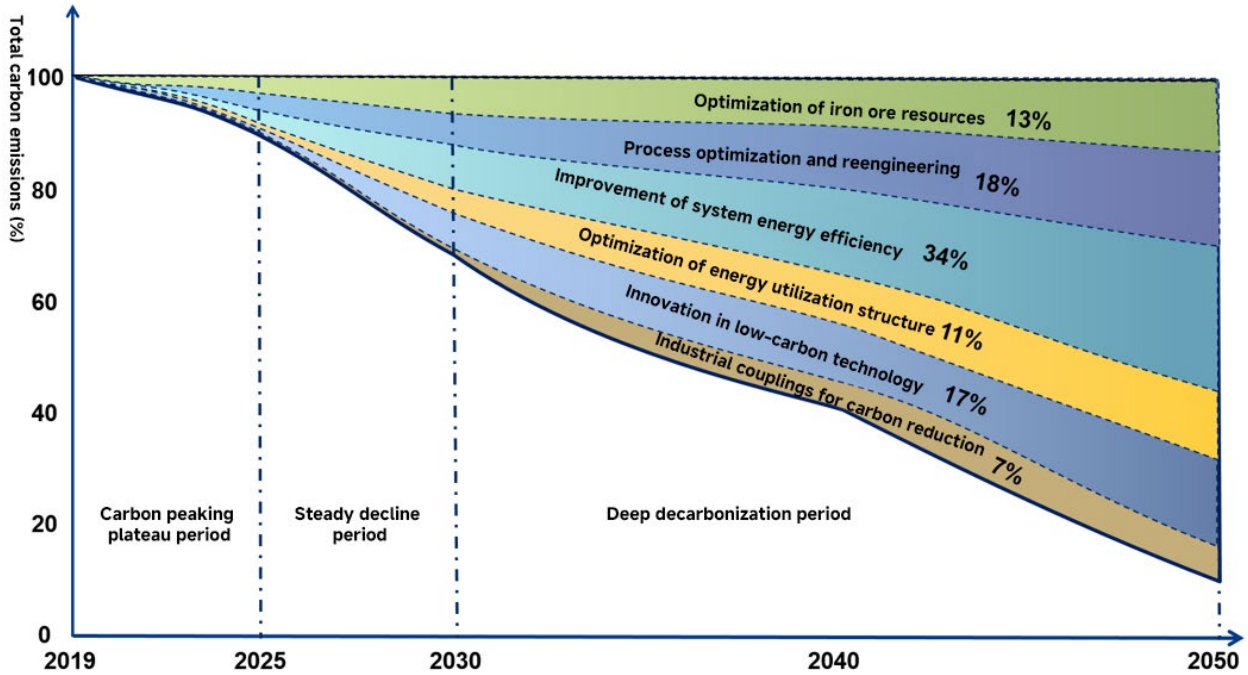
Focusing on clean production, HBIS took the lead in proposing the development philosophy of “harmonious coexistence of people, steel, and the environment,” and implemented large-scale energy conservation and environmental protection renovations, committed to building “the cleanest steel plant in the world.”

Stage II
(2016—2020)

Focusing on ultra-low emissions, HBIS took the lead in implementing the “six-in-one” green development action plan characterized by green manufacturing, green industries, green products, green procurement, green logistics and green mines.

Stage III
(2021—Present)

Focusing on green and low-carbon development, HBIS has comprehensively built the “Four New Bases” that represent the development direction of the global steel industry and taken the lead in implementing the “6+2” technology roadmap for low-carbon development and the development plan for low-carbon-emitting products.



Three stages of low-carbon development of HBIS: Carbon peaking plateau period, steady decline period and deep decarbonization period

Risk type	Risk description	Management and response strategies
Transition risks: Policy and legal, technology, market, and reputation risks		
Policy and legal risks	The Ministry of Ecology and Environment has successively issued the <i>Work Plan for the National Carbon Emission Trading Market Covering the Steel, Cement and Aluminum Smelting Industries and the Notice on Advancing the Relevant Work of the National Carbon Emission Trading Market in 2025</i> , marking that the expansion of the national carbon market has officially entered the implementation stage and the steel industry faces stricter carbon emission constraints.	<ul style="list-style-type: none">Followed the Plan-Do-Check-Act (PDCA) principle and built a carbon data management system that adapts to the carbon market;Actively responded to national carbon market trading, carried out carbon market registration and trading compliance simulations, and improved carbon quota management experience and capabilities;Paid attention to the China Certified Emission Reduction (CCER) scheme and actively developed carbon assets.
	The EU's CBAM will impose carbon emission fees on imported steel after 2026. The steel industry faces challenges such as rising export costs to the EU, shrinking price advantages, and declining competitiveness of products and industry chains.	<ul style="list-style-type: none">Conducted research on CBAM data collection, reporting and accounting to prepare for technical conditions for obtaining international green certification;Established and developed business layout in overseas market to avoid trade barriers;Strengthened the dissemination and training programs on CBAM for personnel responsible for connecting with customers in areas such as technology and sales.
Technology risks	The maturity of green and low-carbon technologies in the steel industry is limited, and there are problems such as high costs for research and development and bottlenecks for industrialization.	<ul style="list-style-type: none">Promoted the transformation of energy structure around the ultimate energy efficiency and green energy;Optimized the process structure, increased the proportion of electric furnace steel, and developed sophisticated technologies such as hydrogen metallurgy;Built a circular economy system and promoted the large-scale application of technologies such as carbon capture, utilization and storage (CCUS).
Market risks	The requirements for disclosure of carbon footprint information in the global supply chain are becoming increasingly stringent. Product carbon footprint will become access conditions for international markets and brand supply chains, intensifying competition within the industry.	<ul style="list-style-type: none">Independently developed a digital platform for carbon neutrality, promoted real-time carbon footprint accounting and the generation of professional, compliant and accurate carbon footprint reports, and conducted carbon footprint certification work;Participated in the formulation of the Product Category Rules (PCR) for the Environmental Product Declaration (EPD) of the steel industry.
Reputation risks	Regulators, investors, the public, the media and other stakeholders are increasingly paying attention to the performance of an enterprise in responding to climate change, implementing green and low-carbon development, and practicing the concept of sustainable development. Negative evaluations will bring reputation risks to the enterprise.	<ul style="list-style-type: none">Published the sustainability report on a regular basis to disclose the progress of emission reduction;Initiated and participated in community-based environmental protection and public welfare programs.

Developing Carbon Data Management System

Focusing on the requirements of the national carbon market, relying on the experience of four provincial pilot projects for the development of carbon management system and following the scientific, procedural, standardized, and asset-based principles, HBIS has built a three-tier management structure consisting of the Commission on Sustainable Development, the Research Center for Low-Carbon Development and subsidiaries, and developed a data statistics process covering equipment, processes and enterprises, forming the Group's "4311" carbon data management system that adapts to the carbon market. HBIS has released and implemented the *Administrative Measures of HBIS Group Co., Ltd. for Greenhouse Gas Emissions Reporting (Trial)* and the *Guidance Manual of HBIS Group Co., Ltd. for the Preparation of Reports on Greenhouse Gas Emissions (Trial)*. HBIS has taken the lead in the industry to launch and complete the simulation of trading in the national carbon market and to release the Carbon Border Adjustment Mechanism (CBAM) compliance assessment reports for three types of key export products to the EU, becoming the first steel enterprise in China to obtain the carbon credits certification of China Classification Society.

Empowering Carbon Reduction with Digital Technology

HBIS has established a unified carbon emission management system and digital platform at the Group level. On April 22, 2024, the Group launched the WisCarbon Digital Platform for Carbon Neutrality (Version 2.0) to build the "5+8+4" digital system solution for carbon neutrality. The platform has been cross validated with the EPD Tool of the China Iron and Steel Association (CISA) and has the ability to provide LCA services as a third-party service platform recommended by the CISA. On April 22, 2025, the Digital Platform for Carbon Neutrality was fully upgraded to WesCarber, which takes "Energy & Carbon + AI" as the core and reshapes the carbon management logic through full-chain digital management, deep AI empowerment, and comprehensive brand upgrades. The Group has been committed to becoming an expert in accurate carbon calculation in full process, an expert in intelligent carbon reduction in all stages, an expert in carbon asset management in all scenarios, and an expert in ecological design in full life cycle, thus providing comprehensive support for low-carbon development in the steel industry as well as other industrial fields.

Relying on the independently developed WesCarber Digital Platform for Carbon Neutrality, HBIS has carried out EPD work, and successively released 16 third-party certification reports and 8 EPD reports, obtaining more "green permits" to enter the international market. With the support of this platform, the Group carried out a total of 29 carbon footprint services in 2024, covering key products such as steel for automobiles and home appliances, steel for shipbuilding, and special steel, with the EPD reports covering an annual steel output of approximately 16.3 million tons. In January 2025, the EPD report on continuous hot-dip galvanized steel strip of Tangsteel was officially released at the 2024 Annual Summary Meeting of the Three-Year Action Plan for Energy Efficiency Benchmarking of the Steel Ultimate Energy Efficiency Project organized by the CISA, which was also the 200th report of the EPD platform covering the entire steel industry chain.

As of the end of 2024

Successively released

16

third-party certification reports

Carried out a total of

8

EPD reports

An annual steel output of approximately

29

carbon footprint services

million tons

16.3

Value:
Making Brand
Shine Brighter

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Ensuring Operations
More Robust



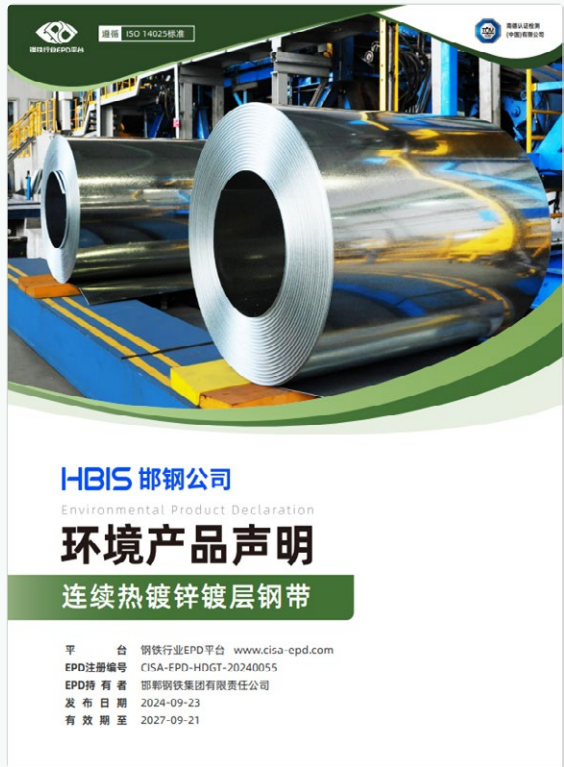
Schematic diagram of the WesCarber Digital Platform for Carbon Neutrality



Weihai Lingang Carbon Finance Service Platform developed and operated by HBIS was officially launched

Developing Low-Carbon Products

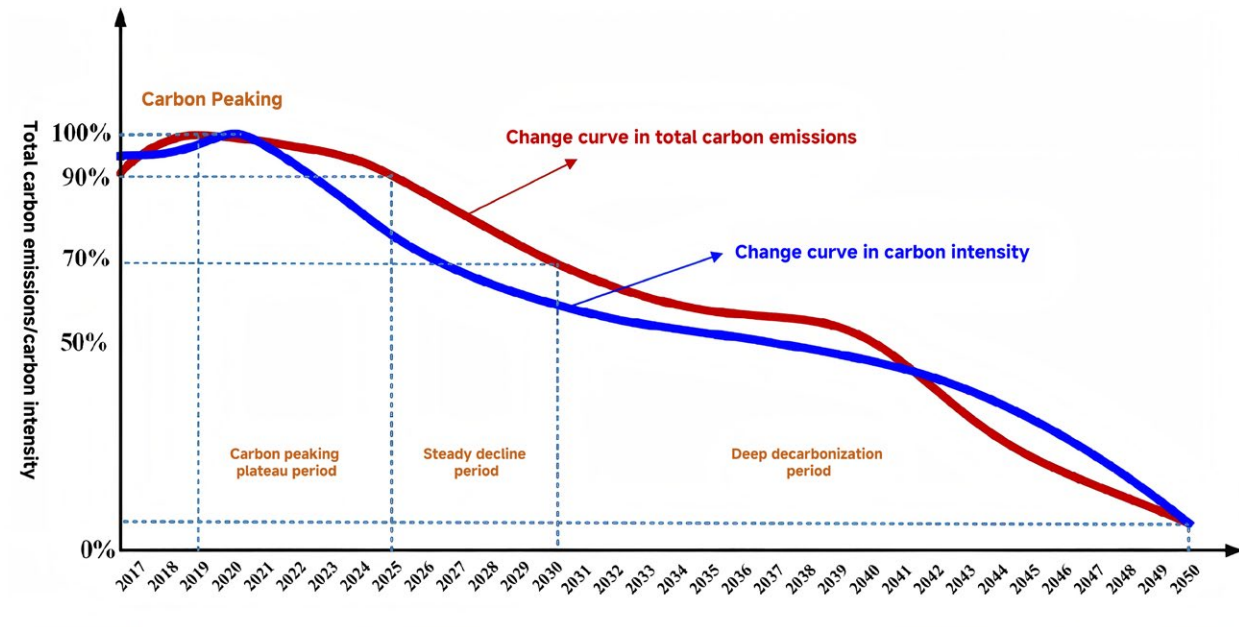
HBIS has implemented the *Development Plan for Low-Carbon-Emitting Products (2023-2026)*, formulated the *HBIS Green Low Carbon Steel Product Brochure*, and improved the low-carbon steel product certification system. The Group has launched the HINEX Steel®, a brand logo for low-carbon-emitting products, accelerated the development of the “6+6+5” product matrix consisting of low-carbon-emitting steel, green steel, and near-zero-carbon-emitting steel, and deepened strategic cooperation with customers through green and low-carbon steel products to jointly build a green and low-carbon industrial ecosystem.



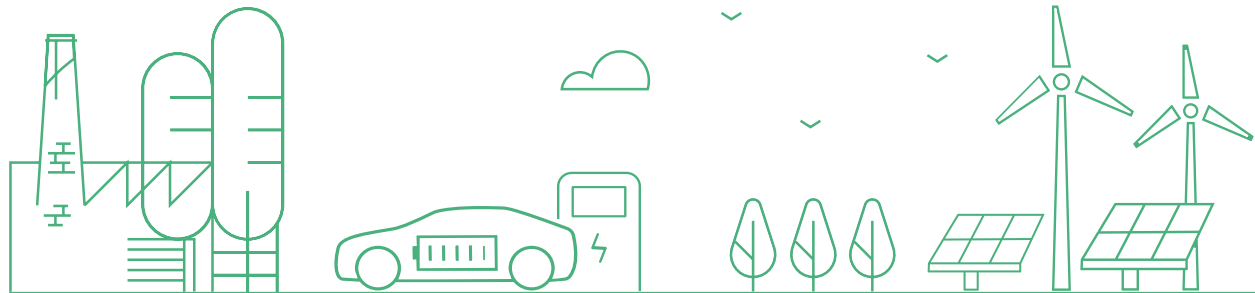
Environmental Product Declaration

Objectives

HBIS has released the low-carbon development objectives for carbon peaking and carbon neutrality and formulated a “6+2” low-carbon development technology roadmap. Through six major technical paths, that is, optimization of iron ore resources, process optimization and reengineering, improvement of system energy efficiency, optimization of energy utilization structure, innovation in low-carbon technology and industrial couplings for carbon reduction, the Group has independently built two major management platforms, namely, carbon data management platform and LCA platform, to comprehensively promote green and low-carbon development. Efforts have been made to achieve the objectives of a 10 percent reduction from the peak of carbon emissions by 2025 and a 30 percent reduction by 2030, as well as the objective for carbon neutrality by 2050.



Group's low-carbon development goals



Green Production

Strengthening Environmental Management

Focusing on comprehensively enhancing the environmental performance, HBIS has intensified its efforts to achieve and secure the “A-level” in terms of environmental evaluation. By emphasizing both management and governance, the Group has achieved the procedure-based, standardized and regulatory environmental protection management. In 2024, the Group had no environmental incidents or major environmental violations.

Management Systems

HBIS has taken the operation of the environmental management system as its core and the three-level standardized management of environmental protection as its path. All subsidiaries of the Group have established a sound environmental management system and have passed the 2024 Environmental Management System Certification. The Group has prepared and signed the *letter of commitment on objectives for environmental protection* with subsidiaries to enhance primary-level management. Each production and operation unit has formulated and implemented management systems and process and technology operating procedures for environmental protection positions to ensure the smooth operation of management work.



Intelligent management platform for environmental protection of HBIS Heishan Iron Mine

Environmental Emergency Plans

All subsidiaries of HBIS have formulated emergency plans for environmental incidents and strictly implemented emergency control measures for heavily polluted weather. Enterprises with “A-level” environmental performance have actively cooperated with local governments to carry out self-imposed emission reduction and made positive contributions to improving regional air quality. In 2024, the steel sector of HBIS fully completed the releases of information relating to ultra-low emissions, and all steel enterprises in Hebei Province were rated as “A-level” enterprises in environmental performance.

Promoting Energy-Saving and Emission Reduction

HBIS has released and implemented the “Two Improvements, Two Controls and One Platform” *Special Action Plan for the Optimization of Power Structure (2025-2027)*. Through implementing 16 key tasks, the Group has promoted the realization of three breakthrough transformations, that is, leapfrog upgrading of the power structure, profound transition of the energy use model, and comprehensive evolution of the energy management system; and, actively responded to the decisions and plans made by the People’s Government of Hebei Province for the steel industry and other key industries to achieve “A-level” environmental performance and implemented a series of environmental improvement and transformation projects to lay a solid environmental foundation for achieving and securing the “A-level.” As of the end of 2024, HBIS has five national-level “green factories,” three enterprises with the title of “Clean Production and Environmentally Friendly Enterprises in China’s Steel Industry,” seven local enterprises with leading environmental performance, two local enterprises with “A-level” environmental performance, and two provincial-level “green factories,” and the subordinate Shigang Company has been recognized as the first “Energy Efficiency Benchmarking Demonstration Plant for the Best Practice of Carbon Peaking and Carbon Neutrality” among domestic plants adopting short-process electric furnaces.

Conservation of Energy and Resources

HBIS has actively undertaken the special project on renewable energy technology under the National Key R&D Program, carried out research on the flexible matching technology between megawatt-level multi-energy complementary electricity-heat-hydrogen cogeneration (EHH-CS) and hydrogen metallurgy systems. The Group has responded to the ultimate efficiency project initiated by the CISA, fully launched the key technology research on the identification of high-energy and high-material consumption process links and the implementation of energy efficiency benchmarking solutions, comprehensively sorted out the bottleneck links of energy efficiency improvement and formed energy efficiency improvement solutions and feasible technology lists. The Group has promoted nine production units to be included in the list of enterprises for cultivating energy efficiency benchmarking demonstration plants by the CISA. Tangsteel Company and Hansteel Hanbao Company have been awarded the title of “Outstanding Enterprise in the Three-Year Action Plan for Energy Efficiency Benchmarking of the Steel Ultimate Energy Efficiency Project.” The Group has vigorously promoted the optimal allocation of water resources, advanced harmonious coexistence with the urban water environment, and continuously improved the proportion of urban recycled water in water sources. Tangsteel Company has been awarded the “2024 National Water Efficiency Leader of Key Water-Consuming Enterprises and Industrial Parks.”

The short-process smelting technology adopted by Shisteel New Plant uses electricity and natural gas as power sources, reducing comprehensive energy consumption by 62 percent. The low-grade waste heat of circulating cooling water has been innovatively used for urban heating, covering an area of more than three million square meters.

Rolling workshop of Shisteel New Plant

Green Electricity

HBIS has vigorously promoted the green transformation of its power structure, continuously reduced the carbon footprint of its products, and gradually formed the “two-electricity-and-one-storage” green power structure featuring the coordinated development of market-oriented green electricity, distributed green electricity and energy storage technology. Efforts have been made to continuously improve the proportion of green electricity consumption. In 2024, the Group purchased 1.347 billion kWh of green electricity through market channels and used idle land resources such as plant roofs to build renewable energy power generation projects. The scale of projects under construction and connected to the grid reached 165 MW. The Group also started construction of the largest electrochemical user-side energy storage project (314 MWh) in the steel industry, effectively improving its green electricity consumption capacity.

Zero-Waste Factory

HBIS has systematically promoted the implementation of the entire process ultra-low emission transformation and built denitrification facilities for the hot air furnaces and heating furnaces of production units to achieve ultra-low emissions of waste gas, zero discharge of wastewater, and no solid waste leaving the plant. The Group has two “waste-free enterprises (factories)” in Hebei Province: The compliance rates of pollutant emissions and the hazardous waste disposal both have reached 100 percent, and the solid waste has been fully utilized through comprehensive recycling.

2024

Waste gas emissions
18,076.18 Ton

Wastewater discharge
8,925,444 Ton

Comprehensive utilization of solid waste
17,918,141 Ton

By developing an “Intelligent Water Network Management Platform” with full data control capabilities, Tangsteel Company has comprehensively optimized and transformed the water recycling system in the production process to achieve full recycling of wastewater. The company was recognized as a typical case of industrial wastewater recycling by the Ministry of Industry and Information Technology (MIIT) in 2024, and was awarded the “2024 National Water Efficiency Leader of Key Water-Consuming Enterprises and Industrial Parks.”



Tangsteel Company

Value:
Making Brand
Shine Brighter

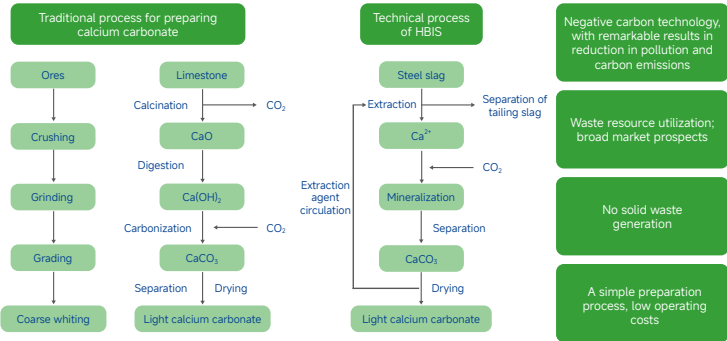
Environmental:
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Case Solid waste utilization technology turns steel slag into resources

HBIS adopted a new indirect carbon fixation method using ammonium salts, an innovative process route combining pipeline leaching with ultra-gravity carbonization reactors. Using the tailings and steel scrap slag as raw materials, the Group produced the first batch of high-purity lightweight calcium carbonate products. This was the first time in the industry to realize the resource utilization of all components of steel slag, promoting the development process of solid waste utilization in the steel industry.



Process route for calcium carbonate production of HBIS

Coordinated Reduction of Pollution and Carbon Emissions

HBIS has taken the lead to undertake the “Research on Low-Cost Materials and Key Technologies for Pollution Reduction and Efficiency Enhancement in Hebei’s Steel Industry,” a sub-project under the “National Major Science and Technology Project for Comprehensive Environmental Governance in the Beijing-Tianjin-Hebei Region,” which was recommended by the Department of Ecology and Environment of Hebei Province and specifically assigned by the Ministry of Ecology and Environment, marking a significant leap for HBIS from an ultra-low emission technical system to a synergistic technical system featuring high efficiency, low consumption, and reduction of pollution and carbon emissions. HBIS, in conjunction with the Hebei Provincial Coalfield Geological Bureau, established the Hebei CCUS Technology Innovation Center and initiated the construction of two thousand-ton CCUS demonstration projects, that is, carbon capture from blast furnace gas and carbon fixation by steel slag. The Carbon2Rock Project has been shortlisted for the “Excellence in Sustainability Award” of the World Steel Association. Breakthrough results have been achieved in the research and development of environmental catalytic purification materials for unconventional pollutants. The new technology for fine desulfurization of blast furnace gas has successfully completed trial operation in Tangsteel New Plant. The emission reduction technology for carbon monoxide in the sintering flue gas has been put into use. All those efforts have provided technical support and engineering demonstration for the effective reduction of pollution and carbon emissions in the steel industry.

Promoting Green Packaging

Insisting on the philosophy of green development, HBIS has adopted degradable and recyclable environmentally friendly materials to replace traditional packaging materials, which not only reduces environmental pollution but also saves resources, facilitating the Group to achieve a win-win situation in economic benefits and environmental value.

Hansteel Company: The company has established a special research team for the recycling of waste plastics for packaging materials. By adding additives, modified particles and other new materials, the waste plastics generated in the production process are remade into protective plates with exquisite appearance, different colors, moisture-proof and anti-collision for steel packaging. On average, a total of 1,300 tons of waste plastics are recycled each year.



Tangsteel Company: The company recommends appropriate economical and environmentally friendly packaging methods based on product form, logistics, and transportation conditions and distance. The materials used can be 100 percent recycled and reused, ensuring that the products are properly protected under different logistics transportation conditions.

Environmental Management

Green Finance

In the face of new requirements for green and low-carbon transformation and high-quality development, HBIS, focusing on various forms of green-related assets and resources such as green projects, green technologies, green production capacity and green supply chains, has taken the initiative to implement relevant policies on green finance and developed an almost complete spectrum of green financial product system, including green loans, green bonds, green insurance and green leasing. Through green finance, HBIS has played a positive role in, among others, achieving corporate transformation and upgrading, developing emerging industries, improving corporate image, optimizing financing structure, contributing "financial strength" to the Group's green development.

one of the Top 10 ESG Cases

HBIS 河钢

热烈庆祝河钢集团有限公司
2024年度第三期绿色中期票据（科创票据）成功发行！
中长期债券发行利率创历史新低！
2024年河北省首笔绿色科创票据！



债券简称	主体评级	发行规模	期限	票面利率	全场倍数	边际倍数
24河钢集GN003（科创票据）	AAA	15亿	3年	2.85%	2.79	13.67

簿记管理人主承销商



独立评估机构



律师事务所



会计师事务所



中喜会计师事务所（特殊普通合伙）
ZHONGXI CPAS (SPECIAL GENERAL PARTNERSHIP)

HBIS built an innovative "flagship" for ESG bonds to boost the high-quality development of the Group

Green Office

HBIS has actively promoted office automation and networking, as well as paperless office practices, held online meetings as much as possible, dispatched official vehicles in a scientific manner, introduced high-performance equipment, encouraged the sharing of office equipment, and reduced resource consumption. The Group has strengthened supervision on energy conservation, strictly implemented the requirements that the cooling temperature in the office during summer should not be lower than 26 degrees Celsius, set energy-saving parameters on office equipment, and required employees to turn off the power when they leave the office to reduce standby energy consumption. In 2024, focusing on typical carbon inclusion scenarios such as paperless office and shuttle bus commuting, the Group's first batch of 14,000 tons of carbon credits took the lead in the industry in passing the third-party certification.

Value:
Making Brand
Shine Brighter

Environmental:
Creating Ecology
more Harmonious

Social:
Contributing to
a Better Society

Governance:
Ensuring Operations
More Robust

Green Lifestyle

HBIS has taken the opportunity of "World Environment Day," which falls on 5 June every year, to organize low-carbon knowledge training to help employees deeply understand environmental protection policies, carried out environmental protection publicity activities, and used newspapers, websites, bulletin boards, among others, to create a strong atmosphere of publicity and advocacy for environmental protection. In 2024, the Group invested RMB702,100 in environmental protection training and organized 673 training sessions on environmental protection.

2024

Invested
RMB **702,100**
in environmental protection training

Organized
673
training sessions on
environmental protection



Lecture on environmental protection



Employees conducted a tree-planting activity themed "Me and Green Lifestyle"



Environmental protection leaflets were distributed to employees

Conducting Ecological Restoration

HBIS has kept promoting the greening of plant areas and constantly advanced ecological restoration and improvement in the mine premise, moving faster to the building of green steel plants in urban areas. In 2024, the Group completed the high-quality ecological restoration of mines with an area of more than 767,300 square meters, while the greening maintenance area of the mine premise reached 238,000 square meters.

2024

Ecological restoration of mines
with an area of more than
767,300 square meters

The greening maintenance area
of the mine premise reached
238,000 square meters



A glance at the environment of the plant



Garden-style plant area of Sijiaying Iron Mine under HBIS Mining

Implementing Biodiversity Protection

HBIS PMC Mining, which is headquartered in Phalaborwa, South Africa, has formulated the *Biodiversity Action Plan*, set the objectives for the net positive impact (NPI) on biodiversity and achieved remarkable results in the field of biodiversity conservation through a series of effective initiatives.

- Carried out monitoring projects for butterflies, reptiles, vegetation, among others, and formed a long-term monitoring system to provide a scientific basis for evaluating protection results and adjusting protection strategies.
- Clearly delineated and strictly protected key natural habitats to provide stable living spaces for wildlife.
- Intensified the protection efforts for species by means of establishing artificial nesting boxes and monitoring population dynamics, etc.
- Implemented classified management for invasive alien plants species (IAPS) to prevent damage to the local ecosystem.
- Conducted wildlife protection training for employees and community residents and publicized the significance of biodiversity conservation.

Wildlife in mining area of HBIS PMC Mining





Social: Contributing to a Better Society

In our understanding

As mentioned in the Chinese classics, “There are some fixed principles in governing a state, among which benefiting the people should be the root.” All initiatives must take realizing, defending, and developing the fundamental interests of the overwhelming majority of the people as their immutable aim, which is also the fundamental guidelines for state-owned enterprises to pursue high-quality development.

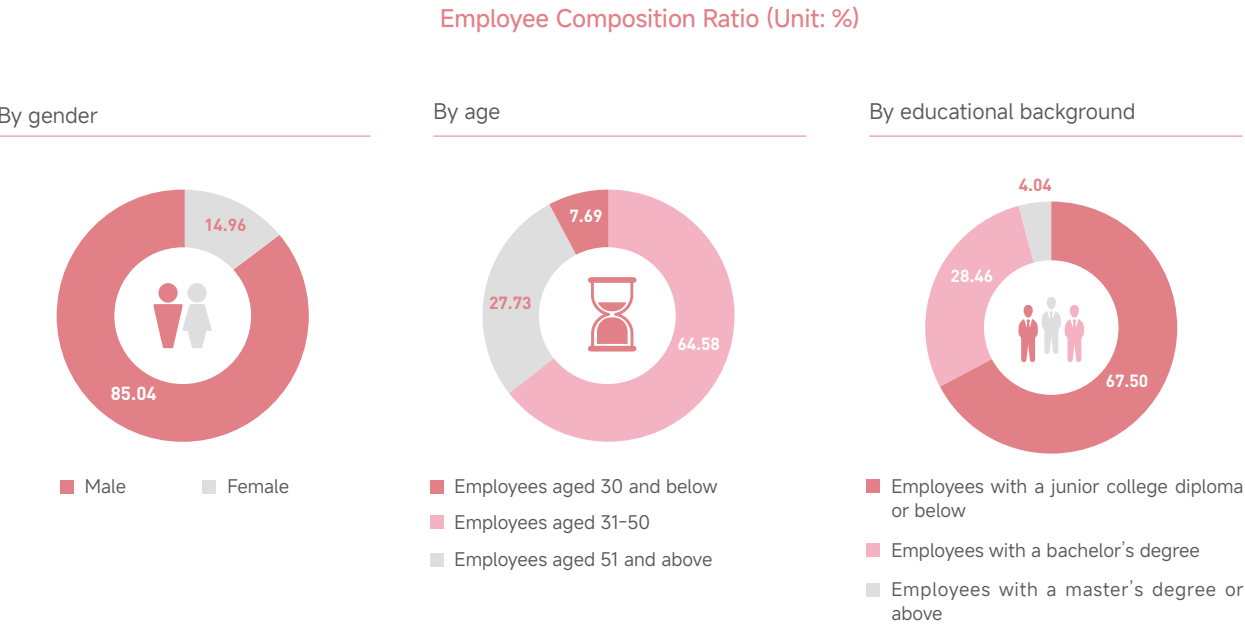
Actions taken by HBIS

HBIS has integrated the philosophy of harmonious coexistence into every aspect of its development, focused on meeting the needs of its employees and earnestly solving their problems and difficulties, and spared no effort to enable employees to realize their value. The Group has fulfilled its responsibilities and corporate mission, aligned efforts to consolidate and expand the achievements in poverty alleviation with efforts to promote rural revitalization, and actively participated in public welfare undertakings, injecting warmth and strength into the society. Committed to open development, the Group has kept strengthening the fulfilment of overseas responsibilities, drawing on a new blueprint for the world to achieve harmony and prosperity.

Employee Welfare and Wellbeing

Strengthening the Protection of Human Rights

HBIS strictly abides by the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China*, *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, *Special Rules on the Labor Protection of Female Employees*, and other laws and regulations. Insisting on the philosophy of "People Excellence," the Group puts people first, strictly prohibits all forms of discrimination and forced labor, opposes any kind of employment of child labor and harassment, bullying and intimidation, and effectively safeguards the basic rights and interests of employees. In 2024, the Group had a total of 85,648 on-the-job employees in China.



Insisting on Equal Employment

HBIS advocates diversity and equal opportunities. In all aspects of recruitment, promotion and selection, the Group adheres to the principle of equal employment regardless of gender, ethnicity, belief or age, creating an open, fair and impartial employment environment, and actively promoting employment and enhancing the brand value of the employer. In 2024, the Group recruited 877 new employees, and the signing rate of labor contracts was 100 percent.

Optimizing Compensation and Benefits

HBIS strictly implements the total payroll budget scheme, ensures the implementation of major income distribution plans, and pays employees' salaries, social insurances (medical, pension, unemployment, work-related injury, and maternity) and housing provident fund on time and in full. By establishing a salary management system for the functional departments at the headquarters of the newly formed Dahe Company and standardizing the social insurance management of employees transferred within the Group, HBIS has ensured the coordination and orderliness of the top-down salary distribution system. HBIS has established an enterprise annuity system in some of its subsidiaries to provide benefits for employees. Employees are entitled to various holidays in accordance with the law, and overtime and holiday wages are implemented in accordance with national policies, as well as the rules and regulations of the Group. In 2024, the coverage rate of social insurance for employees of the Group was 100 percent.

Enhancing Democratic Management

HBIS has continuously improved the corporate democratic management system with the Employees' Congress as the basic form, organized and held the 3rd Session of the 3rd Employees' Congress of the Group, and actively promoted the standardized operation of various systems such as transparency in factory affairs, collective contracts, collective wage consultation, employee directors, and employee supervisors. The Group has further implemented initiatives such as the system of liaison officers for the Chairman and the President, the system of corporate leaders' reception days, the mail system for the President, and the mail system for the chairperson of the trade union, to ensure that hot issues of concern to employees are addressed in a timely manner.



The 3rd Session of the 13th Employees' Congress held by Hansteel Company

Empowering Employee Development

HBIS has printed, issued and implemented the *Guiding Opinions on Innovative Promotion of Talent Team Building in the New Era*, *Opinions on the Arrangements for Continuing to Deepen the Work of Team Building* and other rules and regulations, and established a multi-level talent training platform and implemented a multi-channel talent training model to keep up with national strategies, grasp the trends of the market, and adapt to development needs, providing strong talent support for building the Group into the most competitive steel enterprise.

Strengthening Employee Training

HBIS has planned and implemented four key training programs to cultivate management talent, technical talent, skilled talent and international talent respectively. The Group has cooperated with domestic and foreign universities such as Tsinghua University, Fudan University, USTB, and the University of Queensland in Australia to create an integrated training system covering industries, universities, research institutes, and end-users and built a high-skilled, learning-oriented, knowledge-based and innovative talent team. In 2024, the employee training of the Group reached a total of 271,274 participants.

Management talent



Selected outstanding young leading personnel and reserve talent for off-job training at prestigious universities such as Zhejiang University and Shanghai Jiao Tong University, Fudan University and Xiamen University, with an aim of enhancing their strategic vision, broadening their thinking, and improving their overall qualities.

Technical talent



Built a "global collaborative innovation platform," established physical research and development centers with leading research institutes both at home and abroad and vigorously cultivated innovative professionals and technicians through project cooperation.

Skilled talent



Held the HBIS Craftsmanship Innovation Training Camp at Tsinghua University, built platforms for cultivating skilled talent, actively established a skills formation system of HBIS, and accelerated the cultivation and training of skilled talent by relying on the "HBIS Cup" vocational skills competition. An employee contestant won the champion at the 19th steelChallenge, which was the 7th championship won by the Group.

International talent



Selected backbone employees and dispatched them to overseas enterprises of the Group such as HBIS DITH for learning and training. Selected young personnel and dispatched them to participate in international exchanges through the HBIS-UQ Centre for Sustainable Steel (ICSS), World Steel Association and other international platforms.

Case Employee contestant of HBIS wins champion at the 18th steelChallenge

On April 8, local time, the World Steel Association announced the new World Champions of the 18th steelChallenge in Sydney, Australia. Wu Xiao, an employee contestant of HBIS, won the world champion in the industry category. Lu Hezhong, a student at Tangshan Vocational College of Science and Technology, won the world champion in the student category. This was 7th world championship in the industry category and the second world championship in the student category won by HBIS since 2017.



Wu Xiao, an employee contestant of HBIS, won the world champion in the industry category at the 19th steelChallenge

Unlocking Promotion Channel

HBIS has established and improved its talent management system and employee promotion mechanism, clarified the career development paths of employees, continuously unblocked career development channels for all types of personnel, fully stimulated the vitality of employees, and enhanced their sense of gain and accomplishment. In 2024, the Group added six new experts enjoying the special allowance of the State Council, and five employees were awarded the title of "Technician with Outstanding Contribution in Hebei Province." Three subsidiaries/branch companies of the Group were rated as the first batch of pilot enterprises for the assessment and appointment of chief technicians in Hebei Province.

2024年

Added

6

new experts enjoying the special allowance of the State Council

5

employees were awarded the title of "Technician with Outstanding Contribution in Hebei Province."

3

subsidiaries/branch companies of the Group were rated as the first batch of pilot enterprises for the assessment and appointment of chief technicians in Hebei Province

Taking the "Four Categories of Training" program for young leading personnel as the starting point, HBIS has established a complete chain-based mechanism covering the entire process of selection, cultivation, management and use of the leading personnel, ensuring that each link is closely connected and coordinated as a whole.



HBIS has implemented the four-level talent development program and the skills enhancement project, systematically strengthened the development of specialized technicians and skilled workers and unblocked the growth channels for technical personnel.

Creating a Happy Workplace

HBIS has intensified its efforts to enhance employee care and established mechanisms such as assistance for employees in need, mutual insurance, mutual medical assistance for major diseases, and group-based mutual assistance for female employees. Various approaches have been adopted to meet the spiritual and cultural needs of employees, to enhance team spirit, and to improve employees' sense of happiness and belonging.

Enhancing Employee Care

HBIS has actively carried out initiatives such as "Special Assistance for the Employees in Need" and "One Day's Pay Donation," uniting all employees to form a powerful force for mutual assistance. Every year, the Group invests over RMB20 million in employee care activities such as "Employee Care in Summer," "Sending Warmth to Employees" and "Educational Assistance in Golden Autumn." The Group has opened a psychological assistance hotline, and organized lectures and training programs on mental health knowledge to help employees relieve stress and maintain their physical and mental health.

Employee care activities conducted by the Group and its subsidiaries and branch companies



"Employee Care in Summer" activity



Holiday greetings to employees in need



"Monthly Lecture" employee mental health knowledge training program

Caring for Female Employees

Guided by the needs of female employees, HBIS has further enhanced the protection of the rights and interests of female employees by carrying out a series of activities themed "Caring for Female Employees and Delivering Warmth to Female Employees on the International Women's Day," arranging group health insurance for female employees, and carrying out education and training programs for female employees.



Training activity on flower arrangement to celebrate the International Women's Day



Hand-drawn handbag theme activity to celebrate the International Women's Day

Enriching Employees' Lives

HBIS has organized a variety of recreational and sports activities. By building basketball courts and other recreational and sports venues for employees and carrying out various recreational and sports activities such as table tennis competitions and brisk walking, the Group has kept enriching the employees' spare time life, done practical things for them and raised their happiness index.

A glimpse of recreational and sports activities



Basketball match



Tug-of-war competition



Staff Activity Center of Tangsteel Company



Employees of HBIS participated in the national performance activity focusing on workplace exercises for workers

Insisting on Work Safety

HBIS has effectively advanced the three-year drive to address the root causes of workplace accidents and ensure production safety, innovatively carried out the development of standardized work areas for safety management, conducted hazard inspections and rectifications through various forms, and promoted all safety efforts in an integrated manner through effective measures to ensure a sustained and stable production safety situation. In 2024, the Group invested RMB676.1665 million in production safety, and the number of safety accidents was zero.

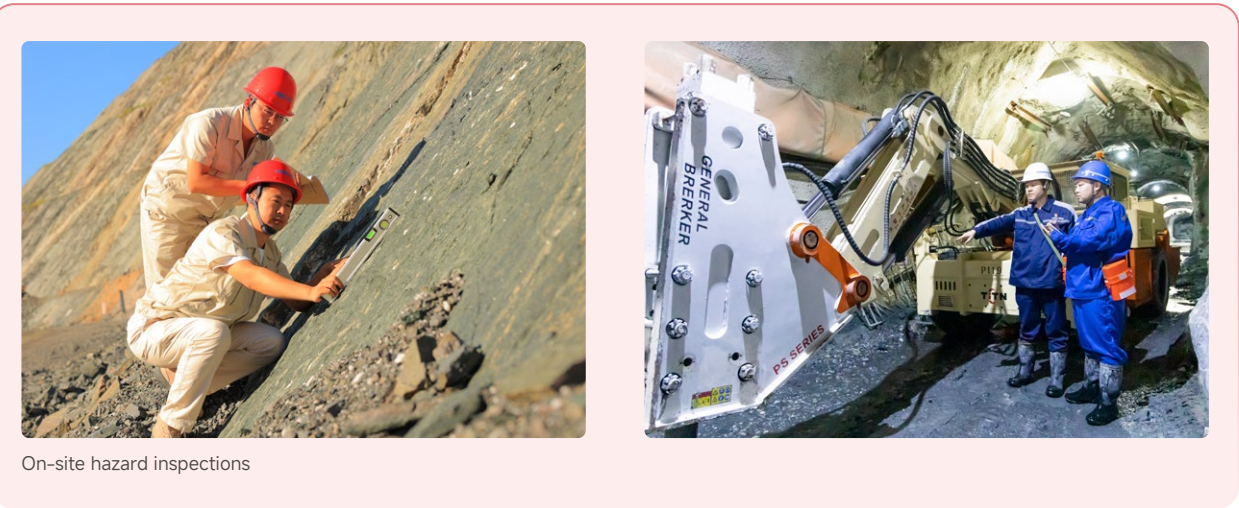


Enhancing Safety Management

HBIS has strictly abided by the *Work Safety Law of the People's Republic of China*, *Measures for the Administration of Contingency Plans for Work Safety Accidents*, and other laws and regulations, and formulated several rules, regulations and administrative measures including the *Responsibility System for Work Safety*, *Management System for Education and Training on Work Safety* and *System for Classified Control of Safety Risks and Accident Hazard Governance*. The President of the Group has signed the *Work Safety Target Responsibility Agreement* with the heads of each subsidiary, with an aim of promoting the implementation of the safety work arrangements of higher-level departments, strengthening safety responsibilities level by level.

Intensifying Hazard Inspections

Focusing on the special investigation and rectification of major accident hazards, with emphasis on key areas such as molten metal, mines, hazardous chemicals, construction, road traffic, and fire safety, HBIS has adopted various approaches such as quarterly inspections, special inspection tours, safety assistance and guidance, and safety diagnosis by and exchanges with external experts to carry out comprehensive and in-depth investigation and rectification actions to ensure that existing hazards are rectified and incremental hazards are dynamically cleared.



Strengthening Emergency Management

HBIS has attached great importance to the prevention of and response to emergencies and continuously improved its emergency handling capabilities. The Group has invited external expert teams to sort out , optimize and improve the emergency plans for hazardous chemicals such as natural gas, crude benzene, and coal gas, and organized a wide range of emergency drills during campaigns such as "Work Safety Month" and "Fire Safety Month" to effectively improve the scientific nature and validity of emergency plans through simulated actual combat.



one of the Top 10 ESG Cases

Case Tangsteel Company enhances fire safety management through intelligent monitoring system

Tangsteel Company inspects potential fire hazards in real time through an intelligent monitoring system, accurately detecting abnormal conditions such as temperature, smoke, and concentrations of flammable gases. Compared with traditional fire safety systems, the intelligent monitoring system is more agile in response, enabling more precious time for personnel evacuation and firefighting, thereby effectively reducing fire risks.



Intelligent Fire Monitoring System

Fostering Safety Culture

HBIS has organized and carried out a series of activities on safety management capability enhancement, safety publicity, fire safety publicity, among others, to strengthen safety education and training, improve the safety quality of employees and the overall safety level of the Group. In 2024, the rate of special operations personnel with certificate for work, the rate of third-level safety education for new employees, and the coverage rate of work safety training of the Group were all 100 percent.



Practical training on standardized work areas for safety management

Ensuring Occupational Health

HBIS strictly abides by the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases*, *Provisions on the Supervision and Administration of Occupational Health at Work Sites*, and other laws and regulations. The Group has continuously improved and refined the occupational health and safety management system and kept improving the occupational health literacy of all employees. In 2024, Shigang Company won the honorary title of "Typical Case of National Healthy Enterprise Development."



Chengde Vanadium Titanium conducted an activity with the focus on occupational health and work safety



Zhangxuan Tech conducted a publicity and education campaign on occupational health

Value Chain Responsibility

Building a Responsible Supply Chain

Insisting on conducting business in good faith and committed to fair competition and trade, the Group has continued to implement the *Code of Conduct of HBIS for Suppliers under Procurement Contracts*, *Administrative Measures of HBIS for the Admission of Scrap Steel Suppliers in the Supply Chain*, *Management Standards of HBIS for Supply Chain Suppliers* and other rules and regulations to ensure the security and stability of the supply chain.

Supply Chain Management

HBIS has kept strengthening the management of suppliers throughout the full life cycle, continuously optimized the supplier appraisal and evaluation mechanism, and organized and carried out social responsibility training for suppliers. In 2024, the Group reviewed a total of 2,258 suppliers and invested RMB1.10 million in supplier training.



Admission standards for suppliers

- HBIS gives priority to enterprises that have obtained ISO 14001 environmental management system certification and other relevant certifications and scores enterprises on more than ten items including corporate nature, scale, and equipment to determine whether they can be admitted as suppliers or not.
- For suppliers that violate government regulations or do not conform to the philosophy of green and sustainable development, they will not be admitted.
- For industries such as coking and ferroalloy smelting which are characterized by high pollution and high energy consumption, HBIS has further raised the admission standards for suppliers and imposed requirements on aspects such as the furnace types and flue gas treatment of suppliers.



Supplier capability certification

- HBIS has established a certification and evaluation team for suppliers under centralized and decentralized procurement terms, which conducts on-site certifications for new suppliers in terms of their corporate culture, resource guarantee, quality assurance, among others.



Evaluation and performance appraisal for suppliers

- Based on business needs, HBIS can initiate a second-party audit of key suppliers at any time to assist them in better understanding and implementing ESG management.
- HBIS conducts audits and evaluations on the qualifications and cooperation status of suppliers every six months. Suppliers are classified into A, B and D categories. Suppliers of Category A and B enjoy business preferences, while those of Category D are eliminated and re-admission is restricted.

Keeping abreast of the changes in the industry, HBIS SCM has fully leveraged the brand and scale advantages of HBIS, as well as the resources gathered by the supply chain platform, to reach out to the market and regional customer groups to further expand the external market.



Supply chain management platform of HBIS

Green Supply Chain

Insisting on the philosophy of “green procurement,” HBIS has promoted upstream suppliers to fulfill their environmental responsibilities. The Group has made it mandatory for coal washing plants to obtain emission permits and encouraged alloy plants to obtain ISO 14001 environmental management system certification. In 2024, the ISO 14001 certified suppliers accounted for 32 percent of the alloy suppliers.

Conducting Strategic Cooperation

HBIS has taken the initiative to carry out experience exchanges with the government, enterprises, research institutes, colleges and universities, among others, actively explored diversified cooperation models, built a strategic sharing and cooperation platform, promoted mutual sharing of information and resources, and worked together to achieve mutually beneficial results and win-win development.



A seminar held by HBIS and China State Shipbuilding Corporation Limited



A seminar held by HBIS and Hong Kong Chamber of Shipping Limited

Leading Industrial Development

HBIS has continued to promote the transformation of innovative achievements such as new technologies, new processes, and new products into standards, and actively enhanced the leading edge in standardization. The Group has organized and participated in large industry conferences and exhibitions both at home and abroad to promote complementary advantages and facilitate the industry to achieve high-quality development.

Strengthening Standard Formulation

Focusing on the integrated utilization of hydrogen energy, new material development, process optimization and process control capability enhancement, HBIS has organized the formulation of two international standards, five national standards and two industry standards. The Group has started the preparation of 11 hydrogen metallurgy standards, among which two have been officially released and seven have been successfully approved. In 2024, HBIS, as an organizer or initiator, took the lead in formulating a total of 15 national and industry standards.

Filling the gap in industry standards

HBIS Materials Institute

Ferrotitanium – Determination of silicon, manganese, phosphorus, chromium, aluminum, magnesium, copper, vanadium, and nickel contents – Inductively coupled plasma atomic emission spectrometric method



Tangsteel Company

Continuous hot-dip aluminized silicon alloy coating steel plates and steel strips for automobiles



Chengde Vanadium Titanium

Steel for the prestressing of concrete – Part 5: Hot-rolled steel bars with or without subsequent processing



Promoting Industry Changes

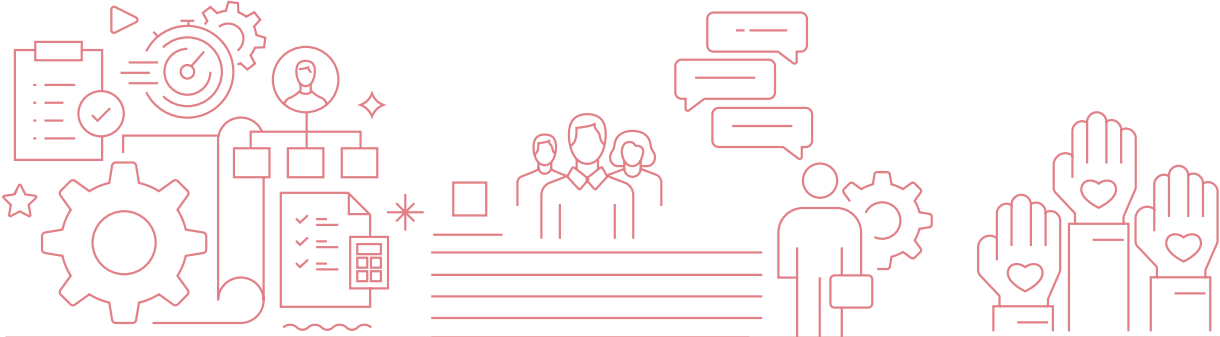
HBIS has actively participated in important industry forums and exhibitions, leveraging large exchange and cooperation platforms to gain a comprehensive understanding of industry dynamics, widely expand its "circle of friends," and achieve information exchange, resource sharing and complementary advantages, thereby contributing to the establishment of a new pattern for industrial development and technological progress.

Case HBIS awarded title of "Sustainability Champion" by World Steel Association

On April 8, local time, the World Steel Association announced the list of "Sustainability Champions" for the steel industry in 2025 in Sydney, Australia. It commended those worldsteel members that are most clearly demonstrating their commitment and action to sustainable development through their involvement in worldsteel sustainability activities. HBIS was honored with this award for the third consecutive year for its outstanding performance in various aspects of, among others, environment, society, management and economy.



HBIS was awarded the title of "Sustainability Champion" by the World Steel Association for three consecutive years

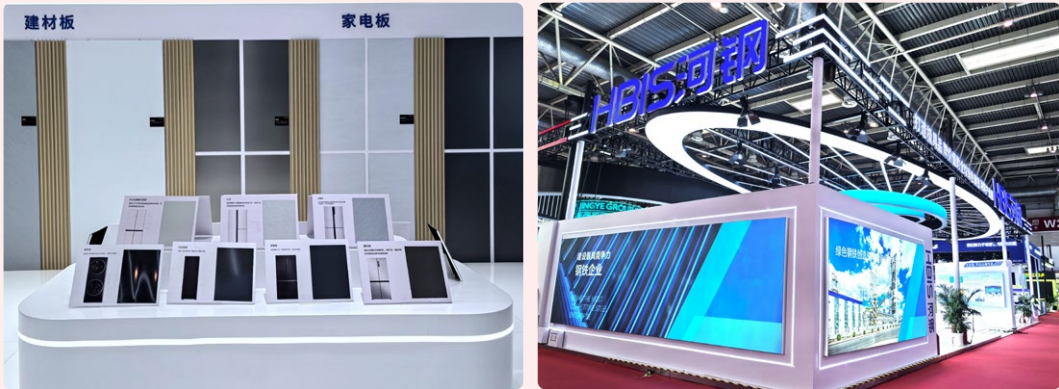


Case HBIS takes the initiative to participate in industry exhibitions

On September 3, 2024, HBIS participated in the 22nd Metallurgy China 2024. With a theme of "Continuously leading the new arena of green and low-carbon development in the steel industry," the booth of HBIS focused on exhibiting its achievements and responsibilities in green and low-carbon development. On November 26, 2024, HBIS made a splendid debut at the 2nd China International Supply Chain Expo, focusing on exhibiting its outstanding achievements in the entire industry chain and global layout, green and low-carbon development, and digital development.



HBIS participated in the 22nd Metallurgy China 2024



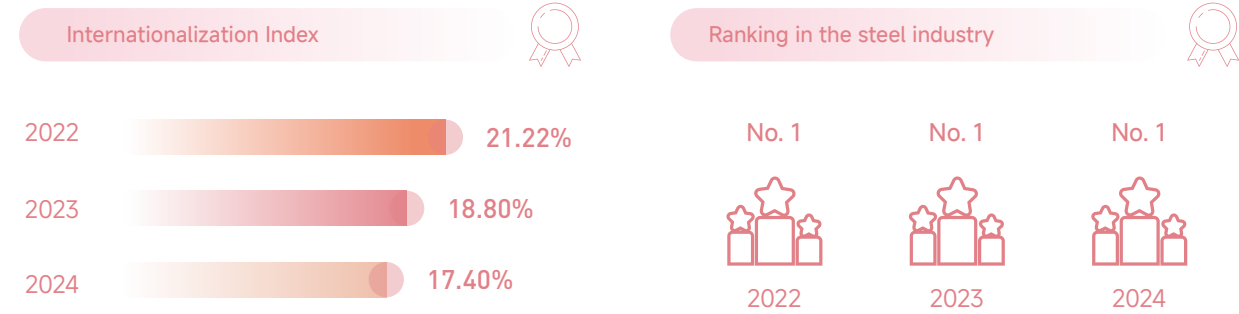
HBIS made a splendid debut at the 2nd China International Supply Chain Expo

Local Community Engagement

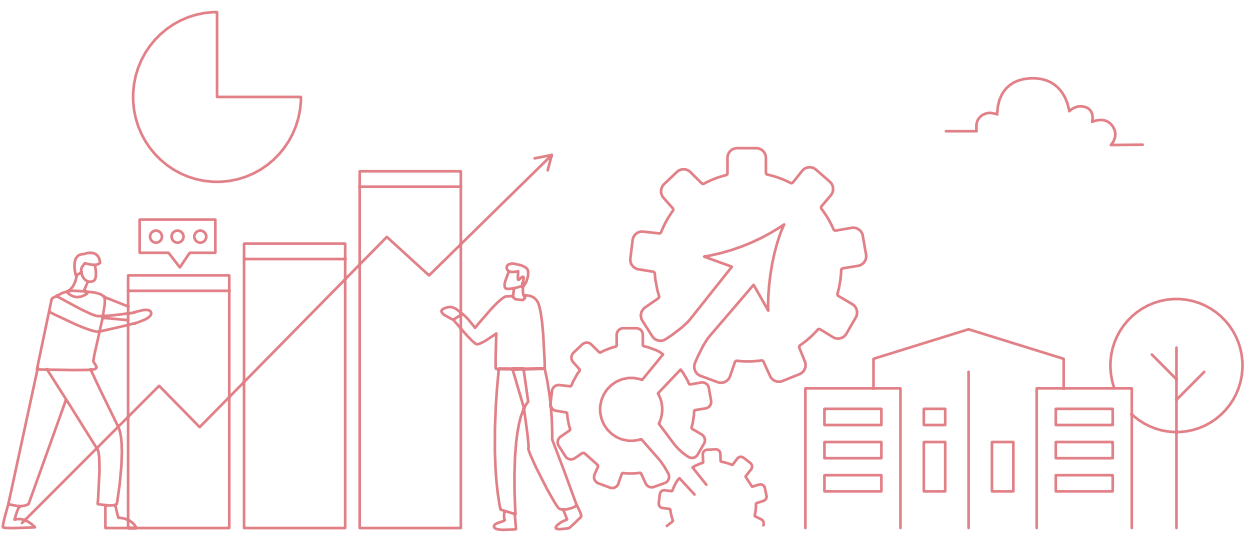
Intensifying Efforts to Develop Overseas Business

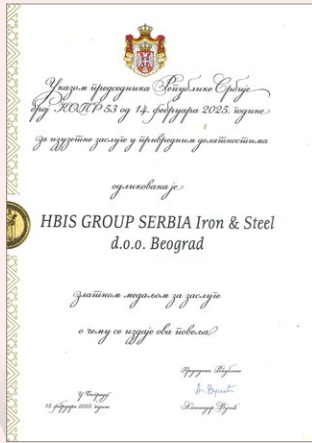
HBIS has actively responded to the Belt and Road Initiative put forward by China. In 2024, the Group, in line with the strategic positioning of “Pursuing global resources, global markets, and global customers” and the principles of “Contributing to local community, employing local people, and integrating into local culture,” the Group implemented improvement initiatives for its overseas governance system to guarantee the sound development of HBIS PMC Mining, HBIS DITH and HBIS Serbia.

As of the end of 2024, HBIS had more than 70 overseas equity-participating and holding companies and controlled and operated overseas assets of more than USD10 billion. The Group had more than 13,000 overseas employees, with a business network covering more than 120 countries and regions around the world and a local employment rate reaching over 99 percent. The Group has been recognized as the most internationalized steel company in China for eight consecutive years.



Overseas companies strived to achieve leapfrog development			
	Low-carbon transformation	Marketing leadership	Brand building
HBIS Serbia	HBIS Serbia gave full play to the advantages of the sophisticated green and environmentally friendly energy utilization technologies and processes delivered by the Group to accelerate the implementation of carbon reduction projects.	HBIS Serbia strengthened dynamic marketing and vigorously promoted the optimization of "two structures."	While remaining the largest exporter in Serbia for four consecutive years, HBIS Serbia unleashed the brand effect of low-carbon development, launched environmental transformation and upgrading projects and energy recycling projects, and led the low-carbon transformation of Serbian industrial enterprises.
HBIS DITH	<p>HBIS DITH released the <i>DITH Carbon Reduction Path</i> to clearly demonstrate the carbon reduction objectives and the implementation paths.</p> <p>HBIS DITH was awarded the "Committed Badge" in the EcoVadis assessment in 2024. The company ranked among the top 20 percent in the industry in terms of total score and was awarded the "Bronze Medal" by EcoVadis for four consecutive year.</p>	HBIS DITH seized the opportunities that Europe and other regions are paying great attention to the value of low-carbon development to move faster to lock in high-end supply chains.	As the world's largest steel marketing and service network, HBIS DITH clearly defined its corporate philosophies of "Strength Beyond Borders" and others, actively tracked and seized the development trend of the international low-carbon market and promoted international cooperation on low-carbon trading.
HBIS PMC Mining	HBIS PMC Mining innovated and optimized transportation modes to continuously reduce energy consumption.	HBIS PMC Mining expanded its global sales market and enhanced its global delivery capabilities.	HBIS PMC Mining maintained continuous profitability for years by adhering to localized operations and adopting an "open and inclusive" cultural integration model and path. It was regarded as a successful example of Chinese enterprises investing in overseas resources and created a role model for win-win cooperation between China and Africa.





On the morning of February 16, 2025, local time, Serbia held a National Day medal awarding ceremony. HBIS Serbia won the "Gold Medal of Merit," making it the sole enterprise among those being commended in this regard.



HBIS DITH ranked among the top 20 percent in the industry in terms of total score in the Sustainability Rating conducted by EcoVadis.



HBIS PMC Mining was awarded the title of "Top Employer" for the 7th time.

Contributing to Local Community Development

HBIS fully respects the cultural customs and practices of countries and regions in which it operates and is committed to establishing long-term and stable cooperative relations with local communities. The Group has integrated corporate development into local economic development and social progress and actively created social and economic value. Efforts have been made to build a community with a shared future and to jointly promote the prosperity and development of local communities.

HBIS Serbia

- Since the acquisition of the Serbian steel by HBIS, HBIS Serbia has invested more than EUR2.7 million in, among others, local road construction, village water supply, and educational assistance.
- HBIS Serbia has organized 16 training sessions in China and 9 training sessions abroad for nearly 2,000 Serbian employees.



HBIS Serbia distributed New Year gifts to local kindergarten children

HBIS PMC Mining

- HBIS PMC Mining has built China-aided 24-hour health centers and primary schools to improve local education and health levels.
- HBIS PMC Mining has established the "Women in Mining" system, improved women's sanitary facilities in mine premise and held women's leadership forums regularly.
- HBIS PMC Mining has prioritized local black women in hiring and given priority to suppliers that comply with the Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice.
- HBIS PMC Mining has held recreational and sports activities such as Spring Festival Carnival and "Family Marathon". Those activities reflect HBIS PMC Mining's respect for local cultural customs and practices and enrich the spare time life of employees.



MarulaMed, a China-aided 24-hour health center



The 4th "Family Marathon" held by HBIS PMC Mining

HBIS DITH

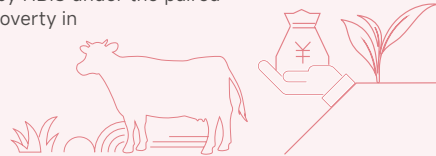
- In the municipality of Malambo, Colombia, HBIS DITH has provided assistance for local education by donating school supplies and computer equipment.
- HBIS DITH has launched the "Let's Invest in Our Planet," an environment protection initiative in North Macedonia, aiming at raising the environmental awareness of teenagers through art competitions and tree-planting activities.

Promoting Rural Revitalization

In line with the general requirements of “Building rural areas with thriving businesses, pleasant living environments, social etiquette and civility, effective governance, and prosperity,” HBIS has continuously consolidated the fundamental assistance work with stationing personnel in villages, accelerated the modernization of the governance system and the governance capabilities of the paired-up areas, and made the paired-up villages beautiful communities in which people live and work in peace and contentment through industrial assistance, consumption-based assistance, village-based resident working teams and the initiative of building a beautiful and harmonious countryside.

Key achievements in rural revitalization

- HBIS continued to carry out the assistance work in **15** villages under the paired-up assistance policy and one village with resident working team dispatched by the Group in **11** counties and districts in Shijiazhuang, Baoding, Zhangjiakou, Chengde and Tanshang, Hebei Province.
- HBIS donated a total of RMB**1.578** million to **15** villages under the paired-up assistance policy and one village with resident working team dispatched by the Group, including RMB**658,000** to three paired-up villages in Laiyuan County and one village with resident working team in Luanzhou City, Hebei Province.
- HBIS arranged and guided **831** people from the **15** villages under the paired-up assistance policy to find employment or go out for work through organizing vocational skills training sessions and employment workshops with the focus on export of labor. The average annual income of the employed population was over RMB**20,000**, and the average annual income of the people who had escaped poverty in the **15** villages increased by more than eight percent from a year earlier.
- No one were at risk of lapsing or relapsing into poverty in the villages assisted by HBIS under the paired-up assistance policy and the goal of ensuring that people do not sink back into poverty in large numbers were continuously maintained.



Villagers enjoying a bountiful harvest

Value:
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Shine Brighter

Environmental:
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Governance:
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Intensifying Organizational Guarantee

HBIS has formulated the “Five-for-One” Assistance Work Plan of HBIS for Laiyuan County in 2024 and the “Three-for-One” Village Assistance Work Plan of HBIS for Heishan Village, Beipu Village, and Liujiazhuang Village. The Group has cooperated with Laiyuan County to formulate and issue a series of documents including the Implementation Plan for Dynamic Monitoring and Assistance to Prevent People from Returning to Poverty in Laiyuan County, established a sound working mechanism for assistance that involves the leaders in charge, the responsible departments, the dispatched units and the village-based resident working personnel in a coordinated and efficient manner at all levels, and promoted the full implementation of the assistance work in an all-around way.

Boosting Industrial Assistance

Since 2017, HBIS has kept leveraging corporate strength and supported the paired-up village-based economic cooperatives to open “new” sales channels. The Group has donated a total of RMB11.6036 million in assistance funds to build 49 people-benefiting industrial projects such as dandelion planting and grain processing. Of those projects, four were built in 2024, with a total industrial income reaching RMB1.55 million, laying a solid foundation for increasing the collective income of villages and the income of villagers.

2024

New-built
4 people-benefiting industrial projects

A total industrial income reaching
RMB **1.55** million



Village-based resident working personnel conducted an investigation and research tour to a Chinese herbal medicine planting base



Villagers were picking apples for tourists in the orchard

Case Tangsteel Company boosts rural revitalization with the “Five Focal Points” permanent mechanism

Tangsteel Company donates at least RMB200,000 in assistance funds to each paired-up village every year. It helped Erdaoyingzi Village to establish Jiegui Agricultural Development Co., Ltd., with an aim to achieve effective connection between farmers and the market. It also facilitated Xicha Village to vigorously develop the cattle and sheep farming industry and build the 66kW and 45kW village-based PV power projects to boost the “green economy” with solar energy.



Village-based PV power projects supported by Tangsteel Company

Conducting Consumption-Based Assistance

Following the consumption-based assistance model with the characteristics of HBIS, HBIS has purchased and helped sell agricultural and sideline products from the paired-up counties and villages through strengthening the supply-demand matchmaking-based consumption, targeted purchasing, and platform-based consumption, aiming at increasing the income of villagers. In 2024, HBIS carried out 60 activities to coordinate production and sales for 15 paired-up villages, purchasing and helping sell more than 30 varieties of agricultural and sideline products worth more than RMB10.9 million from the paired-up counties and villages.

2024

Carried out 60 activities to coordinate production

Purchased and helped sell more than 30 varieties of agricultural and sideline products from the paired-up counties and villages

A total of more than RMB 10.9 million



Special channel of agricultural products on Tie Tie Mall platform



Chengde Vanadium Titanium set up a special counter for agricultural products for targeted poverty alleviation at the staff supermarket

Value:
Making Brand
Shine Brighter

Environmental:
Creating Ecology
more Harmonious

Social:
Contributing to
a Better Society

Governance:
Ensuring Operations
More Robust

Building a Beautiful and Harmonious Countryside

HBIS attaches great importance to promoting rural revitalization through the revitalization of culture. The Group has enriched cultural life of villagers and promoted cultural-ethical advancement by means of monthly movie screenings, village-based performance stage renovation and the selection and evaluation for beautiful courtyards. In 2024, the resident working team in Liujiazhuang Village, Laiyuan County, held the 2nd Liujiazhuang Township "HBIS Cup" Basketball Game and the 5th Liujiazhuang Village Cultural Festival, boosting the revitalization of culture to a new level.



The 5th Liujiazhuang Village Cultural Festival



The 2nd Liujiazhuang Township "HBIS Cup" Basketball Game

Creating Public Welfare Brands

HBIS has strengthened the communication and engagement with the community. Focusing on key areas such as educational assistance and assistance to vulnerable groups, HBIS has organized various forms of “Learning from Lei Feng” volunteer service activities and created brands for public welfare initiatives. Efforts have been made to deliver positive energy and love to the society and fulfill responsibilities through public welfare initiatives. In 2024, HBIS had a total of 9,815 registered volunteers, and the number of participants in various volunteer activities amounted to 15,263, with a volunteer service duration reaching 30,108 hours.

2024

A total of
9,815
registered volunteers

The number of participants in various
volunteer activities amounted to
15,263

A volunteer service duration reaching
30,108 hours

The brand logo of “Qingheli Volunteer Team”



The volunteer team is composed of young volunteers from HBIS. The “he” in Qingheli refers to “crop seedlings” and “concerted efforts,” which is also pronounced the same as the first character of HBIS, as well as the two mentioned meanings in Chinese, highlighting the characteristics of the Group; the main body of the logo is green seedlings, shaped like “Y” (the abbreviation of “Youth”), and the two green leaves symbolize that the young volunteers of the Group are as energetic as young leaves, constantly contributing their youthful strength to public welfare undertakings.



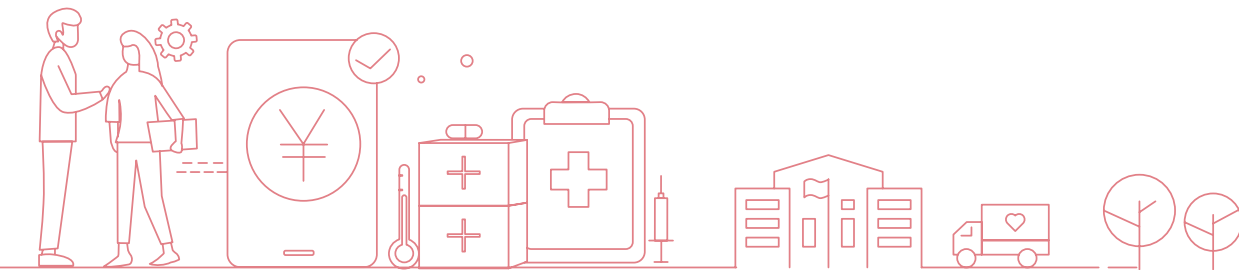
Young volunteers of Tangsteel Company provided convenient services for community residents



Young volunteers of HBIS Mining delivered warmth to students in need



HBIS-POSCO Automotive Steel conducted the “Dream 100” initiative to assist disadvantaged students in completing their studies



Governance: Ensuring Operations More Robust

In our understanding


Standing at the key juncture of the final year for implementing the 14th Five-Year Plan (2021-2025) and the year to lay a solid foundation for making a good start to the 15th Five-Year Plan (2026-2030), integrating itself into national strategies is the path an enterprise must take to achieve operational excellence and sound development. It is imperative for an enterprise to be keen to seize policy opportunities, to keep achieving innovative breakthroughs, and to drive continuous corporate upgrading, thus realizing the leapfrog improvement of value creation.

Actions taken by HBIS

Bearing in mind the country's most fundamental interests, HBIS has taken the initiative to respond to the national call, not only focusing on its own transformation and upgrading as well as high-quality development, but also closely integrating the corporate strategy with the national strategy. From the "pilot field" for innovation in science and technology to the "demonstration zone" for management optimization, and then to the "vanguard" for market development, the Group has kept seeking new growth areas, steadily embarking on a new journey of operational excellence and sound development.

Corporate Governance

The Group has insisted on giving full play to the fundamental role of the *Articles of Association* in corporate governance, comprehensively sorted out the “Three Regulations and One Administrative Measure,” as well as other relevant management systems, and clarified the responsibilities and powers. The Group has dynamically adjusted and optimized the list of decision-making items relating to major issues, important appointments and removals, major projects and the use of large amounts of money and the list of items authorized by the Management and established a decision-making system for the coordinated operation of various governance bodies. The Group has encouraged its enterprises at all levels to formulate and revise relevant systems based on the *Articles of Association*, and to clarify the responsibilities and powers of the Board of Directors from an institutional level.



6 achievements of HBIS were included in 31st the National Enterprise Management Modernization Innovation Achievements (2024).

16 achievements of HBIS were included in the 22nd Enterprise Management Modernization Innovation Achievements of Metallurgical industry (2024), among which **2** were awarded as first prizes.

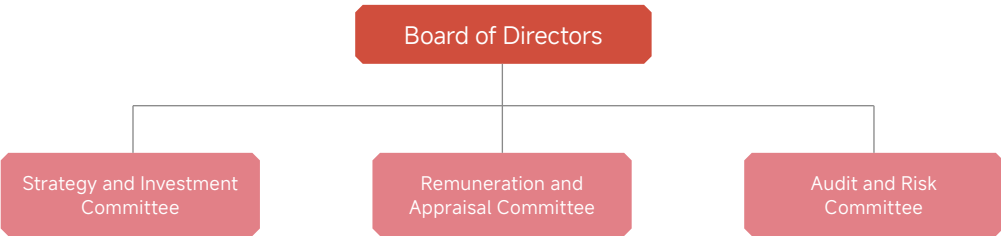
175 achievements were included in the 31st Enterprise Management Modernization Innovation Achievements of Hebei Province (2024), among which **27** were awarded as first prizes.

Board of Directors

HBIS has strictly standardized the board meeting procedures and focused on the management of the entire process of decision-making. The professional structure of the board members is well-balanced and diversified. They possess rich experience and specialized knowledge in the fields of, among others, finance and economics, risk management, scientific research and technology development, and have strong skills in strategic analysis and business decision-making.

HBIS has actively played the role of external directors, opened the IT-based office system, and improved the symmetry of information for decision-making between internal and external directors through a three-level communication and reporting mechanism. In 2024, the Group adopted a combined approach of centralized and special research initiatives and organized external directors to participate in research initiatives and training programs for eight times, with the focus on the corporate development strategy, key development areas, verification for major decisions, and others.

HBIS has implemented a “three-tier and four-level” organizational system consisting of the Board of Directors, the Audit and Risk Committee, the Management and the functional departments to comprehensively strengthen the mechanism for enterprise risk prevention and control. In 2024, the Group revised, printed and issued the *Implementation Rules of HBIS for the Special Committees of the Board of Directors* based on the adjustment of the special committees to further standardize their operation and provide professional opinions for decision-making of the Board.



HBIS has facilitated the establishment of boards of directors of its subsidiaries and implemented their powers and responsibilities in a differentiated manner. The Group has established market-oriented labor, personnel, and distribution management systems, transformed operating mechanisms, and improved operational efficiency. The Group has organized special inspections and rectifications on the establishment and development of boards of directors of its subsidiaries to further promote their standardized operation.

The Management

HBIS has strictly implemented the *Working Rules for the President*, regularly organized and coordinated the convening of the President’s Office Meeting, clarified the primary responsibilities and progress requirements for the matters arranged and planned at the meeting, and strengthened follow-up supervision to promote the implementation of key tasks.

Compliance Management

HBIS has attached great importance to compliance risk management, established a sound risk prevention and control system, and identified and assessed various compliance risks in advance. At the same time, HBIS has continuously strengthened the functions of audit and supervision and conducted strict reviews of all aspects of corporate operations through regular and special audits to ensure that the Group is advancing in an orderly manner within the compliance framework, thus safeguarding high-quality corporate development.

Enhancing Compliance Risk Management

Adhering to the business philosophy of integrity and compliance management, HBIS has fully stimulated the “four-in-one” endogenous driving force from the abidance by law, compliance, internal control and risk management. Focusing on promoting the rule of law of the Group, HBIS has launched the “Year of Deepening Compliance Management” campaign and taken the “Empowering Development with Compliance” as the theme to promote the operation of the comprehensive risk control system for legal compliance to be more integrated with business activities.

Vitality of the institutional systems

HBIS has carried out reviews on institutional systems on a regular basis and organized special campaigns to supervise and inspect the implementation of internal control systems. In 2024, the Group and its major subsidiaries established and revised a total of 1,056 rules and regulations to ensure that the institutional framework is complete and well-established.

Supporting force for serving the overall national interest

HBIS has carried out compliance management reviews for its subsidiaries, conducted compliance risk inspections on key areas, promoted special compliance initiatives, and strengthened contract management and authorization management. In 2024, the legal review rate of the Group’s rules and regulations, economic contracts, and important decisions reached 100 percent.

Capabilities for risk prevention and control

Guided by risk management and control, HBIS has implemented the primary responsibilities of the enterprise to prevent risks, strictly controlled various major risks and organized special rectifications such as investigations of unfair competition and monopoly practices, and the “Ten Prohibitions” on false trade, investment and operations, to effectively prevent and resolve major risks.

Driving force of the culture of rule of law

Insisted on combining legal education for all employees with classified legal education, daily legal education with special legal education, and online legal education with offline legal education, HBIS has solidly promoted legal publicity and education.

In 2024, the Group actively carried out publicity and education activities on the *Constitution the People’s Republic of China*, *Civil Code of the People’s Republic of China*, the newly revised *Company Law of the People’s Republic of China*, among others, and conducted a total of 239 publicity and training sessions, with participants reaching 58,000 persons.



Hansteel Company conduct an activity to promote the Constitution

one of the Top 10 ESG Cases

Hansteel Company has made full use of its internal media platforms such as "internal publications, official website, Client, Wechat account, and screens" to carry out joint legal publicity activities, created a special publication covering contents relating to legal compliance, designed a "Faxiaoxuan" cartoon image to raise the legal awareness of employees, launched a series of videos covering legal knowledge, organized "Theme Day" legal exhibitions, quiz competitions with prizes and other activities. Those efforts have further enhanced the level of rule of law of the enterprise, created a good atmosphere of respecting, learning, abiding by, and using the law, and better served the high-quality corporate development.

Tangsteel Company has continuously improved the legal literacy and compliance awareness of employees and created a strong legal culture atmosphere by holding legal knowledge competitions, forums on rule of law, themed seminars and other activities. At the same time, it has strengthened exchanges and cooperation with international peers and drawn on advanced compliance management experience to continuously enhance its international competitiveness.



Employees of Tangsteel Company paid a visit to Tangshan National Security and Confidentiality Publicity and Education Base

Strengthening Audit and Supervision

Adhering to the principle of giving equal importance to supervision and service, HBIS has continuously expanded the ways of thinking for audit work, broadened audit coverage, and innovated audit approaches, thereby ensuring that the audit work becomes more targeted, timely and efficient and the supervisory, service and "immunity" functions of internal audit are fully exerted. In 2024, HBIS carried out a series of special audit work with the focus on the strategic planning, including special audits on the "three outsourcing items" and strengthening the supervision of information platforms for projects under construction, providing a strong support for the Group's stable operation and high-quality development.

Strengthening vertical management

- The Group has established a vertical management model through conducting innovation in internal audit system, that is, the headquarters uniformly manages the personnel changes, appointments and removals, among others, of all audit offices, uniformly arranges audit activities and audit personnel, and uniformly issues audit reports.

Conducting innovation in audit approach

- The Group has innovatively conducted joint audits and cross-audits.
- The Group has conducted special audits on the "three outsourcing items" of its major subsidiaries.
- The Group has conducted special audits on centralized management of funds of its major subsidiaries.
- The Group has strengthened economic responsibility audits to objectively and impartially evaluate the business performance of operators.
- The Group conducted audits during the decision-making stage of construction projects.
- The Group has attached importance to audit rectification work and promoted the transformation of audit results.

Building a quality team

- Insisting on principles of putting quality before quantity and promoting young leading personnel with a strong sense of responsibility, high academic qualifications and strong professional capabilities.
- The Group has improved the overall quality of its internal audit team through, among others, special training, business exchanges, and the approach of replacing training with audit practices.

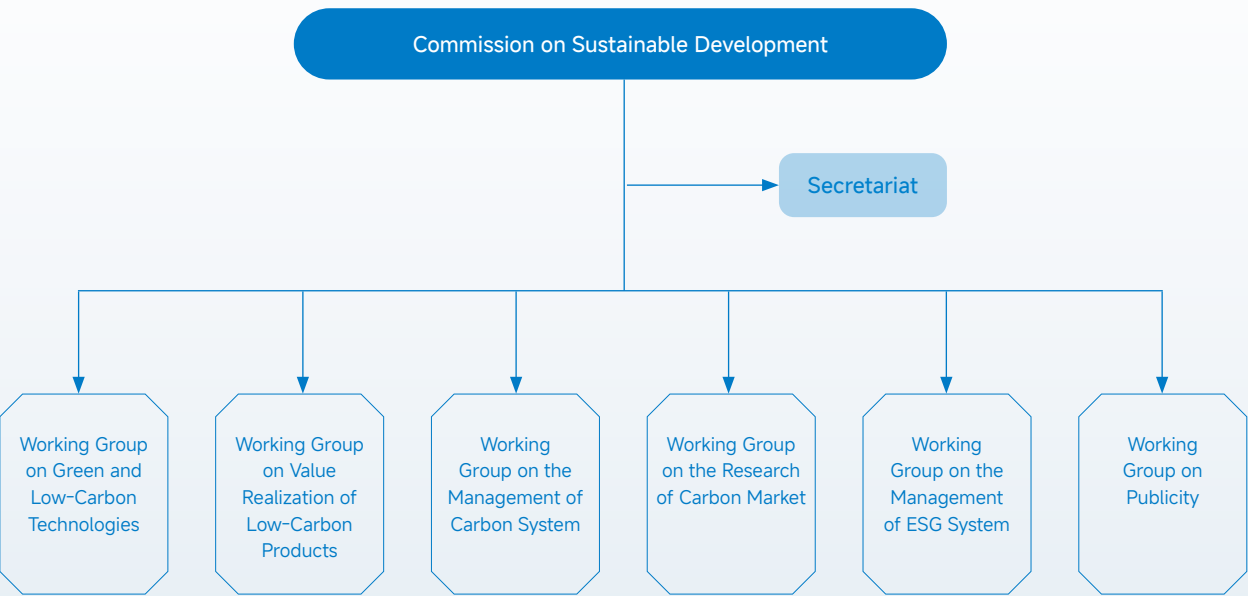
Sustainable Development Management

HBIS has attached great importance to the development of the social responsibility management system, improved the organizational structure for social responsibility, clarified the social responsibility philosophy and work direction, established a social responsibility indicator system, incorporated social responsibility into the Group's strategic planning and promoted its implementation. Efforts have been made to promote responsible operation with responsibility-oriented integration and broaden communication channels with responsibility-oriented communication.

Responsibility Organization

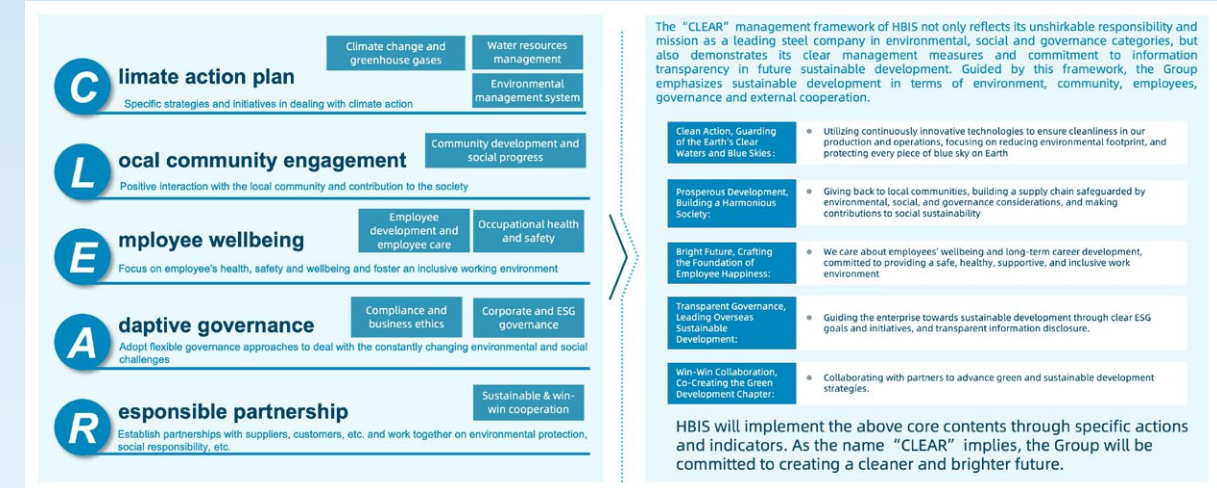
Responsibility Governance

HBIS has kept improving social responsibility management system, optimized its responsibility organization system, and established a sustainable development committee to be responsible for the decision support, decision execution and daily affairs management of the Group's sustainable development strategy and to coordinate the Group's green and low-carbon initiatives, social responsibility development, ESG system establishment, among others, thus ensuring the effective implementation of various work. The Group has established a social responsibility and ESG indicator system to further clarify the direction of social responsibility work and promote the orderly and efficient implementation of various social responsibility initiatives. The Group has comprehensively strengthened the ESG development of its overseas segments with the CLEAR system.



one of the Top 10 ESG Cases

HBIS comprehensively strengthened the ESG development in overseas business segments with the CLEAR system

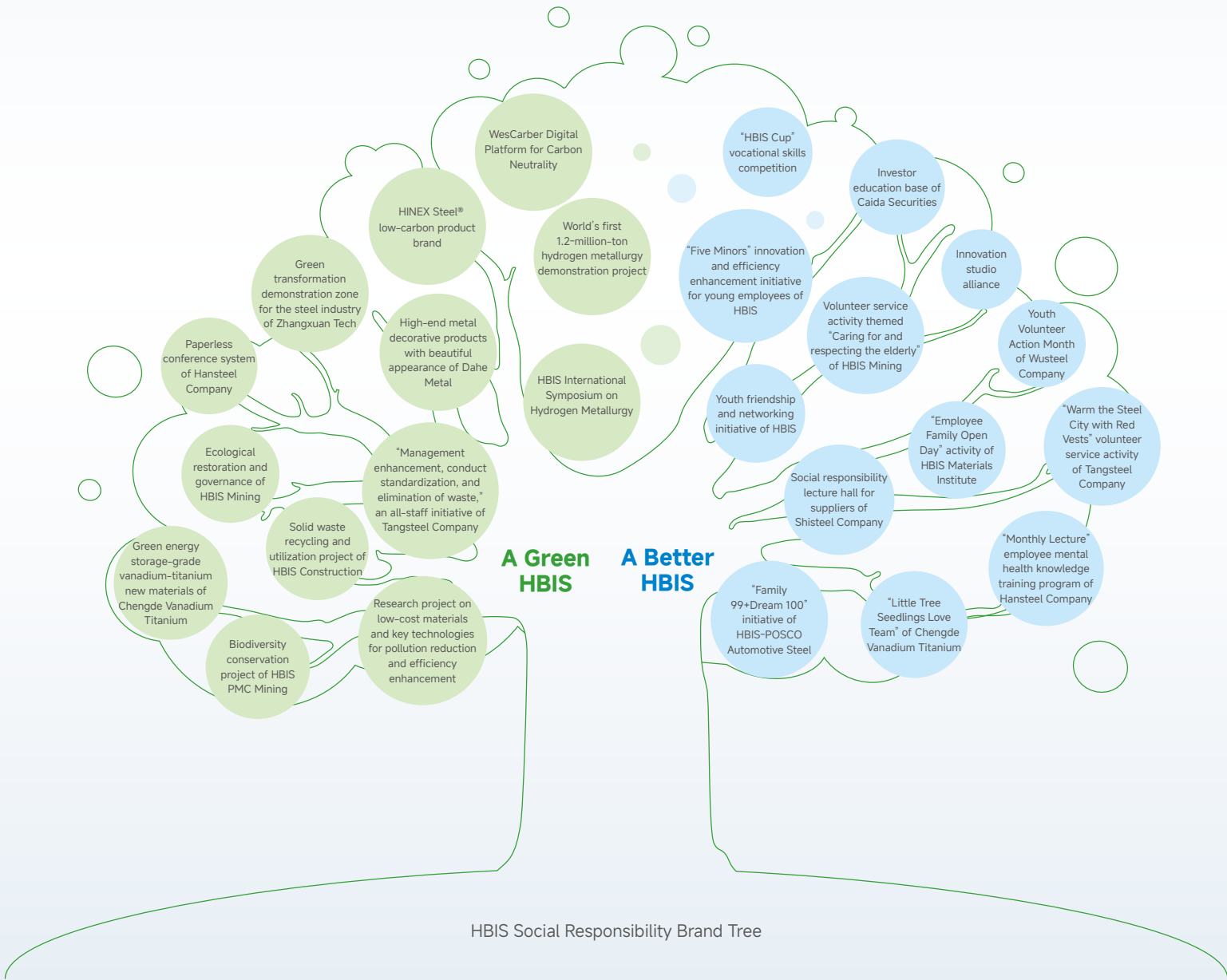


Interpretation diagram of CLEAR

Responsibility Brands

HBIS has fully sorted out its outstanding green and low-carbon projects and outstanding social projects relating to people's livelihood and integrated them into the "HBIS Social Responsibility Brand Tree." Efforts have been made to further promote each unit of the Group to carry out social responsibility practices in line with their own industrial characteristics and resource endowments and to facilitate the operation and brand development of social responsibility projects.

The "HBIS Social Responsibility Brand Tree" includes two major branches, that is, "a green HBIS" and "a better HBIS." The "green HBIS" series refers to the outstanding practices of the Group and its subsidiaries in implementing initiatives relating to, among others, the objectives for carbon peaking and carbon neutrality, green operations, green production. The "better HBIS" series refers to the outstanding practices of the Group and its subsidiaries in implementing initiatives relating to, among others, employee care, community development, and public welfare and charitable undertakings.



HBIS Social Responsibility Brand Tree

Responsibility Philosophy

Prioritizing Eco-Environmental Conservation and Pursuing Green Development

Developing a Six-Sphere Integrated Plan for green development and always remaining a leader in promoting the green and low-carbon development of China's steel industry.

Green steel creates a more sustainable and better future

Contributing to the Society

Taking the initiative to contribute to the society and public welfare undertakings as a corporate citizen.

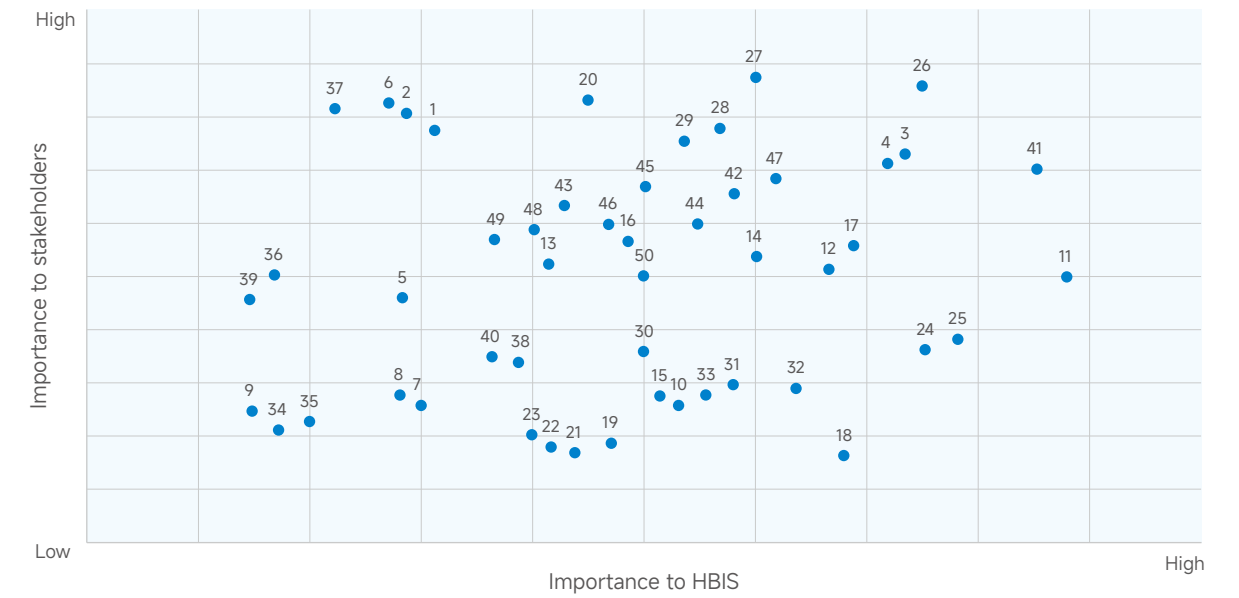
Enhancing Employee Care

Employees are an unrepeatable competitiveness of an enterprise, so it is a must to make employees "the most respected employees in the region."

Responsibility Communication

Identification of Material Issues

HBIS has carried out the identification and assessment process of sustainable development issues in a scientific and efficient manner. Based on multiple channels such as national macro-policy orientation, domestic and international social responsibility standards, strategic planning, social responsibility issues concerned by domestic and international energy industry and steel industry, and concerns of public opinion, HBIS has identified key issues of great significance to the Group and material issues of concern to the steel industry. And then, through stakeholder questionnaire survey, and issue analysis and review, HBIS has sorted out 50 key sustainable development issues and finally formed an issue matrix in accordance with their importance to respond to the demands of stakeholders.



Governance

- 1. Optimizing corporate governance
- 2. Information disclosure
- 3. Compliance operation
- 4. Risk management
- 5. Fair competition
- 6. Communication with stakeholders
- 7. Responsibility governance system
- 8. Responsibility communication
- 9. Building responsibility brand projects
- 10. Responding to SDGs

Social

- 11. Development of scientific and technological innovation system
- 12. Digital and intelligent transformation
- 13. Promoting transformation of research results
- 14. Tackling key technologies
- 15. Intellectual property protection
- 16. Cooperation among industry, universities and research institutes
- 17. Deploying "AI Plus" initiative
- 18. Protecting rights and interests of employees
- 19. Career development of employees
- 20. Creating job opportunities
- 21. Enriching employees' lives
- 22. Assistance for employees in need
- 23. Caring for female employees
- 24. Occupational health management
- 25. Work safety
- 26. Guaranteeing product quality
- 27. Launching high-end products
- 28. Improving service level
- 29. Protecting customer privacy
- 30. Strategic sharing mechanism and platform
- 31. Serving national strategies
- 32. Promoting coordinated development of industries
- 33. Promoting industry exchanges
- 34. Supply chain responsibility
- 35. Green procurement
- 36. Carrying out public welfare services
- 37. Facilitating rural revitalization
- 38. Developing the Belt and Road Initiative
- 39. Boosting community development
- 40. Employment localization

Environmental

- 41. Responding to the objectives for carbon peaking and carbon neutrality
- 42. Saving energy and resources
- 43. Green electricity trading
- 44. Developing green products
- 45. Developing circular economy
- 46. Developing low-carbon technologies
- 47. Reducing the discharge of "three types of wastes"
- 48. Green packaging
- 49. Green office
- 50. Biodiversity conservation

Communication with Stakeholders

HBIS has insisted on conducting sincere interaction and friendly exchanges with stakeholders, kept innovating communication mechanisms, enriched communication forms and approaches and listened attentively to the voices of all sectors of society. Efforts have been made to ensure the accurate identification, comprehensive understanding, and targeted response to the ever-changing demands of stakeholders and to spread the social responsibility philosophy and shape a responsible image through responsible communication.



"Employee Family Open Day" activity

Scan the QR code to watch


Hydrogen Leads the Future, a promotional video of HBIS, conveys the green and low-carbon development philosophy and practices of the Group

Responsibility Practices

In 2024, HBIS took the initiative to benchmark international leading ESG rules and related practices, incorporated ESG as an important component into the business strategy, held a kick-off meeting for the preparation of the 2024 Sustainability Report, and compiled and released the sustainability report, among others. Those efforts promoted the sustainable development of green and low-carbon initiatives and the initiatives relating to social responsibility and ESG of the Group.

- HBIS has prepared and released social responsibility reports for 17 consecutive years since the first of its kind prepared and resealed in 2008. For the first time, the *HBIS Group Sustainability Report 2023* was recognized as a "Five-Star Plus" report and an exemplary model for social responsibility reporting by the Chinese Expert Committee on CSR Report Rating.
- HBIS encouraged the three listed companies of HBIS Limited, HBIS Resources and Caida Securities to prepare and release the ESG report, realizing that all of its listed companies have prepared and released the ESG report.
- HBIS held a training session to kick off the initiative of preparing the 2024 Sustainability Report, and invited experts in the field of social responsibility to give a detailed interpretation on CSR/ESG work.
- HBIS actively participated in the training programs on CSR/ESG work organized by, among others, the SASAC of the State Council, the SASAC of the People's Government of Hebei Province and China Iron and Steel Association. HBIS also participated in the scientific research projects including the *Research Report on Corporate Social Responsibility of Local SASAC and Local State-Owned Enterprises (2024)*, *Research Report on Corporate Social Responsibility of Enterprises Supervised by State-owned Assets Supervision and Administration Commission of the People's Government of Hebei Province (2024)* and *Blue Book on Social Responsibility of Steel Industry (2024)*.

Awards and Honors



- HBIS won the title of "Chinese ESG Model Enterprise"
- HBIS won the "China Best ESG Practice Award of the Year" successively
- HBIS ranked No. 2 on the 2024 list of the "CSR Pioneer 100 Index of State-Owned Enterprises"
- HBIS was selected into the list of the Top 10 cases in the *Research Report on Corporate Social Responsibility of Local SASAC and Local State-Owned Enterprises (2024)*
- As the excellent case, HBIS was included in chapters of "Innovation in Science and Technology," "Employee Care," "Safety Emergency" and "Green and Low-Carbon Development" of the *Research Report on Corporate Social Responsibility of Enterprises Supervised by State-owned Assets Supervision and Administration Commission of the People's Government of Hebei Province (2024)*



The trophy for the "Chinese ESG Model Enterprise" won by HBIS



The trophy for the "China Best ESG Practice Award of the Year" won by HBIS



HBIS was selected into the list of the Top 10 cases in the *Research Report on Corporate Social Responsibility of Local SASAC and Local State-Owned Enterprises (2024)*

Top 10 ESG Cases of HBIS Group in 2024		
Company	Case category	Name of the case
HBIS Materials Institute	Scientific and technological innovation	"Filling the domestic gap in large-size high-boron steel for nuclear fusion with technological innovation"
Wusteel Company	Scientific and technological innovation	"Deepening research and development of 9Ni steels and promoting the development of clean energy"
Assets and Finance Department of the Group	Green and low-carbon development	"Building an innovative 'flagship' for ESG bonds to boost the high-quality development of the Group"
Strategic Research Institute of the Group	Green and low-carbon development	"Promoting value realization of 'green steel' by leveraging the HINEX Steel® series products"
HBIS Digital Tech	Green and low-carbon development	"WesCarber Digital Platform for Carbon Neutrality, a new engine for green development"
HBIS Resources	Green and low-carbon development	"Conserving biodiversity and jointly creating a sustainable future"
Caida Securities	Main business optimization	"Enhancing investor protection and jointly building a healthy ecosystem for the capital market"
Tangsteel Company	Safety emergency	"Building a 'prevention and elimination' intelligent management system to enhance the level of emergency rescue for fire safety"
Hansteel Company	Compliance Management	"Hansteel Company comprehensively conducts campaign themed compliance culture to promote steady corporate development"
Overseas Business Department of the Group	Overseas responsibility performance	"Comprehensively strengthening the ESG development in overseas business segments of HBIS through the CLEAR system"



Future Prospect

The year 2025 is the final year for implementing the 14th Five-Year Plan (2021-2025) and is crucial to make an overall outline for the implementation of the 15th Five-Year Plan (2026-2030). We will focus on the main line of high-quality development, insist on high-end, intelligent, and green development, promote the extension of the steel industry chain to high-end manufacturing vertically and advance the structural reorganization of similar businesses horizontally, accelerating the corporate transformation from steel to materials and from manufacturing to services.

A new journey calls for new responsibilities and a new mission inspires new accomplishments. We will build consensus, stick to the right direction and forge ahead with enterprise and fortitude. With a spirit of daring to explore, innovate and take new initiatives, we will strive to build HBIS into the most competitive steel enterprise and a global industrial conglomerate with international brand influence, making greater contributions to China's modernization drive.

Appendix

About the Report

The Report is the 17th social responsibility report released by HBIS Group Co., Ltd. (hereinafter referred to as “HBIS Group,” “HBIS,” “the Group,” or “We”), which discloses the performance of HBIS Group and its subsidiaries in sustainability.

Reporting Entity

HBIS Group Co. Ltd. and its subsidiaries.

Preparation Process

We have implemented the full life cycle management of the *Report* and ensured that information in the *Report* is objective, standardized, honest and transparent from such steps as performance analysis of HBIS Group and its subsidiaries in terms of sustainability, construction of reporting framework, material collection, preparation, design, solicitation of opinions, revision and approval by corporate leaders.

Reporting Period

From January 1, 2024 to December 31, 2024. Considering the continuity and comparability of the disclosed information, some contents disclosed in the *Report* occurred before or after the time range.

Quality Assurance

Before the release of the *Report*, all data and contents have been reviewed by the management of the Group. And we promise that there are no false records, misleading statements, or major omissions in the contents of the *Report*. We take responsibility for the objectivity and authenticity of the relevant data in the *Report*.

Information Sources

The information and data used in the Report come from the official documents and statistical reports of the Group. Unless otherwise specified, all the financial data herein is stated in RMB.

Contact

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Reference Standards

The *Report* is prepared with reference to the various guidelines and standards, including the *ISO 26000: Guidance on Social Responsibility (2010)* issued by the International Organization for Standardization, the Sustainable Development Goals (SDGs) set by the United Nations, the *IFRS Sustainability Disclosure Standards: IFRS S2 Climate-related Disclosures* issued by the International Sustainability Standards Board (ISSB), *Guiding Opinions on the High-standard Fulfillment of Social Responsibilities by Central State-owned Enterprises in the New Era* released by the State-owned Assets Supervision and Administration Commission of the State Council, the *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 4.0)* issued by the Chinese Academy of Social Sciences, the *Sustainability Reporting Standards* of the Global Reporting Initiative (GRI), *Guiding Opinions on the High-standard Fulfillment of Social Responsibilities by State-owned Enterprises Supervised and Administered by the Provincial State-owned Assets Supervision and Administration Commission in the New Era* released by the State-owned Assets Supervision and Administration Commission of Hebei Province, the *Guide on Social Responsibility for Chinese Industrial Enterprises and Industry Associations (GSRI-CHINA 2.0)* and the *Implementation Manual*.

Report Access

For more information about the social responsibility performance of HBIS Group Co., Ltd. or to download the electronic version of the Report, please log on to the official website of HBIS Group at www.hbisco.com.

Key Performance Indicators

Economic Performance	Unit	2022	2023	2024
Steel output	10,000 tons	4,100	4,134	4,228
Total assets	RMB100 million	5,396	5,456	5,539
Operating revenue	RMB100 million	4,007	4,016	4,021
Profits and taxes	RMB100 million	176	149	152
Total amount of social contribution	RMB100 million	505.27	455.75	460.20
Social contribution rate	%	9.64	8.40	8.37
Owner's equity	RMB10,000	13,721,819	13,677,014	13,886,051
Ratio of maintenance and appreciation of state-owned assets	%	100.46	100.02	100.97
Total number of scientific and technological personnel	Person	15,550	15,967	16,928
Expenditure on technology development	RMB100 million	78.95	101.55	126.94
Number of new patent applications	No.	1,113	1,039	1,059
Number of newly authorized patents	No.	954	599	762
Number of newly authorized patents for invention	No.	282	185	259
Customer satisfaction	%	94.5	95.0	95.2
Product ex-factory pass rate	%	100	100	100
Customer complaint resolution rate	%	100	100	100
Number of occurrences of product stop-loss events	Time	0	0	0
Total compensation for product stop-loss	RMB10,000	0	0	0
Rate of suppliers passing the certification of quality, environment and occupational health and safety management system	%	11	15	16
Number of suppliers reviewed during the reporting period ¹	No.	121	1,670	2,258
Number of potential suppliers rejected for non-compliance	No.	10	42	15
Number of suppliers suspended for non-compliance	No.	12	36	79
Investment in supplier training	RMB10,000	23	79	110
Number of training sessions for suppliers	Time	-	143	162

¹ The data of 2023 and 2024 are significantly different from previous years due to changes in statistical scope.

Environmental Performance	Unit	2022	2023	2024
Total investment in environmental protection	RMB10,000	310,017	300,000	249,707
Investment in environmental protection training	RMB10,000	28.00	55.58	70.21
Number of people receiving training on environmental protection	Person-time	9,373	14,842	21,293
Environmental protection training duration	Hour	687 .00	1,340.11	1,615.00
Number of environmental protection training	Time	203	585	673
EIA pass rate for new projects	%	100	100	100
Total annual energy consumption throughout the year	10,000 tons of standard coal equivalent	1,908	2,029	2,027
Comprehensive energy consumption per RMB10,000 of output value	Ton of standard coal equivalent/ RMB10,000	0.60	0.66	0.66
Utilization of new energy/renewable energy/clean energy	10,000 tons of standard coal equivalent	4.04	16.96	16.88
Proportion of the utilization of new energy/renewable energy/ clean energy	%	0.21	0.84	0.83
Fresh water consumption per ton of steel	Ton/ton	2.56	2.35	2.3
Annual freshwater withdrawals	10,000 tons	8,740	8,581	8,425
Utilization of reclaimed water	10,000 tons	852.08	791.93	811.54
Nitrogen oxide emissions	Ton	10,547.67	8,774.10	7,833.34
Exhaust gases and pollutants emissions	Ton	17,690.37	16,387.17	18,076.18
Wastewater discharge	Ton	8,731,405	8,142,117	8,925,444
Comprehensive utilization of solid waste	Ton	15,611,268	16,667,853	17,918,141
Comprehensive utilization rate of solid waste	%	100	100	100

Social Performance	Unit	2022	2023	2024
Total tax payment	RMB100 million	142.95	124.74	116.05
Number of newly recruited employees during the reporting period	Person	422	485	877
Total number of employees ²	Person	87,907	87,879	85,648
Number of female employees	Person	14,411	14,604	14,696
Signing rate of labor contracts	%	100	100	100
Social insurance coverage rate	%	100	100	100
Rate of employment localization	%	99	99	99
Investment in employee training	RMB10,000	3,137.55	3,683.59	2,852.79
Number of employees receiving training	Person-time	253,390	332,739	271,274
Employee training coverage rate	%	100	100	100
Number of people receiving legal compliance training	Person-time	63,838	64,578	58,131
Number of legal compliance training	Time	235	271	239
Number of people receiving social responsibility training	Person-time	210	310	451
Total investment in rural revitalization ³	RMB10,000	527	3988	490

Social Performance	Unit	2022	2023	2024
Number of people benefited from the rural revitalization initiatives	Person	14,520	16,871	15,220
Number of registered volunteers	Person	/	9,510	9,815
Number of participants in volunteer activities	Person-time	/	13,076	15,263
Volunteer service duration	Hour	/	29,928	30,108
Investment in occupational health and safety training	RMB10,000	247.65	304.83	422.59
Coverage of employee physical examination and health record	%	100	100	100
Rate of special operations personnel with certificate for work	%	100	100	100
Rate of third-level safety education for new employees	%	100	100	100
Injury rate per million man-hours	%	0.0102	0.0052	0.0000
Number of emergency drills	Time	55	93	163
Investment in work safety	RMB10,000	54,490.85	62,851.03	67,616.65
Coverage rate of work safety training	%	100	100	100
Number of employee work-related accidents	Time	2	1	0
Number of employees injured by work-related accidents	Person	2	1	0
Number of employee fatalities	Person	0	0	0

² The statistical scope has been adjusted to the number of on-the-job employees in China. Since 2023, the number of on-the-job employees has included Caida Securities.

³ The statistical scope has been adjusted to the sum of donations, as well as the investment in consumption-based assistance and sympathy programs.

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Rating Report



Rating Report of the HBIS Group Sustainability Report 2024

Upon the request of HBIS Group Co., Ltd., the Chinese Expert Committee on CSR Report Rating invited experts to form a rating panel to rate the *HBIS Group Sustainability Report 2024* (hereinafter referred to as "the Report").

I. Rating Criteria

The *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 4.0) – the Metal Smelting and Rolling Processing Industry* of the Chinese Academy of Social Sciences, and the *Rating Standards for Sustainability Reporting of Chinese Enterprises (2025)* of the Chinese Expert Committee on CSR Report Rating.

II. Rating Process

- The rating panel reviews and confirms the *Confirmation Letter of Materials for Assessment of Sustainability Reporting Process* and associated materials submitted by the preparation team of the Report;
- The rating panel conducts rating on the preparation process and the contents disclosed by the Report, drafting rating report;
- The vice chairman of Chinese Expert Committee on CSR Report Rating, the leader of the rating panel, and the expert of the rating panel jointly review and sign the rating report.

III. Rating Results

Process (★★★★★)

The Group has established a sustainability committee, which is responsible for decision support, decision implementation and daily affairs management of its sustainability strategy. The contacts for work of each key department are responsible for providing the basic materials and reviewing the relevant contents, while the management of the Group is responsible for the final review and approval of the *Report*. The Group has identified material issues through stakeholder questionnaire surveys, materiality analysis and review, and formulated and issued administrative measures for social responsibility and ESG performance, which demonstrates its good image in fulfilling responsibilities. The *Report* is planned to be presented electronically and in print, as well as in a long image format, among others, achieving an outstanding performance in the aspect of process.

Materiality (★★★★★)

The *Report* systematically discloses key industry issues such as implementation of macro policies, product quality management, product innovation, responsible procurement, occupational health management, work safety, R&D and application of environmental technologies and equipment, conservation of energy sources and water resources, and environmental governance of the surrounding area of plants. The contents are adequate and detailed, achieving an outstanding performance in the aspect of materiality.

Completeness (★★★★★)

The main contents of the Report systematically disclose 90.85 percent of core indicators relating to the industry from the perspectives of "Value: Making Brand Shine Brighter," "Environmental: Creating Ecology more Harmonious," "Social: Contributing to a Better Society" and "Governance: Ensuring Operations More Robust," achieving an outstanding performance in the aspect of completeness.

Balance (★★★★★)

The *Report* discloses the negative data including "customer complaint resolution rate," "Number of occurrences of product stop-loss events," "Total compensation for product stop-loss," "number of employees injured by work-related accidents," and "number of employee fatalities," and briefly describes the measures taken and the handling performance in response to customer complaints during the reporting period, achieving an outstanding performance in the aspect of balance.

Comparability (★★★★★)

The *Report* discloses 68 key indicators including "total assets," "operating revenue," "total investment in environmental protection," "total annual energy consumption throughout the yea," "total tax payment," and "total number of employees" for three years in a row; and, conducted horizontal comparison such as "ranked in the Fortune Global 500 list for 16 consecutive years, with a ranking of 249th in 2024" and "ranked No. 2 on

the 2024 list of the 'CSR Pioneer 100 Index of State-Owned Enterprises,'" achieving an outstanding performance in the aspect of comparability.

Readability (★★★★★)

The *Report* continues to uphold the theme of "Leading the steel industry in green, low-carbon and sustainable development," and systematically presents the Group's actions and achievements in fulfilling its responsibilities to stakeholders such as the government, customers, environment, employees, partners, and communities in four chapters, and responds to stakeholders' expectations and demands in detail. The chapter pages consist of "In our understanding" and "Actions taken by HBIS," which concentrate on the main points of the contents, enhancing the visibility and communication effectiveness of the Report. The Report introduces third-party testimonies and QR codes to expand the contents, achieving an outstanding performance in the aspect of readability.

Innovation (★★★★★)

The *Report* sets up two major feature stories of "Leading the Way in Low-Carbon Development and Building a Green and Low-Carbon Ecosystem" and "Optimizing Regional Business Layout and Shaping the Competitiveness of the 'Four New Bases' in HBIS," highlighting the practical achievements of the Group in low-carbon development, location adjustment and others, and is opened with the section of "SDGs Map" to respond to the SDGs of the United Nations. With the establishment of CSR and ESG systems, the Group has formed the "HBIS Social Responsibility Brand Tree," further promoting the orderly and efficient implementation of various social responsibility initiatives. Efforts have been made to promote its listed companies to independently prepare and release the ESG report. All in all, the Report achieves an outstanding performance in the aspect of innovation

Overall Rating (★★★★★)

According to the evaluation of the rating panel, the *HBIS Group Sustainability Report 2024* achieves a "Five-Star" rating in all of the seven aspects, that is, process, materiality, completeness, balance, comparability, readability, and innovation. With a "Five-Star Plus" rating, the Report is recognized as a model sustainability report.



The HBIS Group Sustainability Report 2024 is recognized as a "Five-Star" report and wins the "Five-Star Plus" rating for the second consecutive year

IV: Improvement Suggestions

- The disclosure of core indicators relating to the industry shall be enhanced to improve the completeness of the *Report*.



Huang Qunhui,
Vice Chairman of the Chinese Expert Committee on CSR Report Rating



Zhong Hongwu,
Leader of the Rating Panel



Wei Xiuli,
Expert of the Rating Panel

Date of Issuance: May 30, 2025



Scan the QR code to learn more about corporate rating files

Suggestions and Feedback

Dear readers,

Thank you very much for reading the Report, which is the 17th social responsibility report released by HBIS Group Co., Ltd. We sincerely hope that you could make an objective evaluation of the Report and put forward valuable comments and suggestions in order to continuously improve the preparation of the Report and enhance the ability and level of sustainability management.

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1. What is your overall assessment of the *HBIS Group Sustainability Report 2024*?

☐ Very good ☐ Good ☐ Fair ☐ Poor ☐ Very poor

2. Do you think the *Report* can reflect the significant influence of HBIS Group on the economy, society and environment:

☐ Yes ☐ Fair ☐ Not sure

3. What do you think about the clarity, accuracy and completeness of the information, data and indicators disclosed in the *Report*?

☐ Very high ☐ High ☐ Fair ☐ Low ☐ Very low

4. What are your suggestions on the sustainability work of HBIS Group?
