



重慶鋼鐵股份有限公司

Chongqing Iron & Steel Company Limited

(H Share Stock Code: 1053) (A Share Stock Code: 601005)

2019

ENVIRONMENTAL AND
SOCIAL RESPONSIBILITIES
REPORT

2019 Environmental And Social Responsibilities Report

In order to fully implement the scientific outlook on development, build a harmonious society and promote sustainable economic and social development, Chongqing Iron & Steel Company Limited (hereinafter referred to as “the Company”) shall follow the “Notice on Enhanced Undertaking of Social Responsibilities for Listed Companies and Release of the ‘Guidelines to Environmental Information Disclosure of Listed Companies at Shanghai Stock Exchange’” released by Shanghai Stock Exchange and the ESG Reporting Guide set forth in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited to prepare this report based on the specific performance of social responsibilities of the Company in accordance with the provisions of Company Law and Securities Law, and other laws and administrative regulations.

I. COMPANY PROFILE

Established in August 1997, the Company issued H shares (stock code: H1053) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in the same year. The Company issued A shares (stock code: A601005) on Shanghai Stock Exchange in 2007. It initiated judicial reorganization in July 2017 and successfully completed it in December in the same year. Meanwhile, it introduced an experienced professional manager team. The Company was changed into an enterprise with mixed ownership from a state-owned and controlled company.

The Company is mainly engaged in the production, processing and sale of steel plates, steel sections, wire rods, bar materials, billets and thin plates; as well as production and sale of coal chemical products and grain slag, etc. The Company has a production capacity of 8.40 million tonnes of steel per year, with the following production lines: 4,100mm wide and thick plate, 2,700mm medium plate, 1,780mm hot rolled sheet, high speed wire rods, bar materials and steel sections. The Company’s products are applied in various industries, such as machinery, architecture, engineering, automobile, motorbike, shipbuilding, offshore oil, gas cylinder, boiler as well as oil and gas pipelines.

In 2019, the Company’s production and sales exceeded the annual target. It produced 6,110,300 tonnes of iron, 6,723,600 tonnes of steel and 6,427,400 tonnes of steel products, representing an increase of 7.62%, 5.36% and 5.18% as compared with the same period of the previous year, respectively. It also produced 6,507,400 tonnes of steel products, representing an increase of 7.62% on year-on-year basis. The operating income for the year was RMB23.478 billion, with net profit of RMB926 million.

II. SHARE CAPITAL AND SHAREHOLDER

In 2019, the share capital of the Company did not change compared to 2018. The total share capital was 8,918,602,267 shares, of which: 8,380,475,067 shares of A shares, accounting for 93.97% of the total shares; 538,127,200 shares of H shares, accounting for 6.03% of the total shares.

In 2019, the Company’s controlling shareholder and actual controller had not changed. The Company’s controlling shareholder was Chongqing Changshou Iron & Steel Company Limited, which held 2,096,981,600 shares, with a shareholding ratio of 23.51%; the actual controller was Siyuanhe Equity Investment Management Co., Ltd.

2019 Environmental And Social Responsibilities Report (Continued)

At the end of 2019, the total number of shareholders of the Company totaled 136,901, of which: 136,691 shareholders of A shares, accounting for 99.85%; 210 shareholders of H shares, accounting for 0.15%. The top 10 shareholders of the Company held 4,748,904,485 shares, accounting for 53.23% of the total share capital, as shown in the table below:

Name of shareholder	Number of shares held (shares)	Percentage of shares held (%)
Chongqing Changshou Iron & Steel Company Limited	2,096,981,600	23.51
HKSCC NOMINEES LIMITED	531,217,421	5.96
Chongqing Qianxin Energy Environmental Protection Co., Ltd.	427,195,760	4.79
Chongqing Rural Commercial Bank Co., Ltd.	289,268,939	3.24
Chongqing Guochuang Investment and Management Co., Ltd.	278,288,059	3.12
Sinosteel Equipment & Engineering Co., Ltd.	252,411,692	2.83
Bank of Chongqing Co., Ltd	226,042,920	2.53
Industrial Bank Co., Ltd. Chongqing Branch	219,633,096	2.46
Agricultural Bank of China Limited Chongqing Branch	216,403,628	2.43
China Shipbuilding Industry Complete Logistics Co., Ltd.	211,461,370	2.37
Total	4,748,904,485	53.24

II. CORPORATE GOVERNANCE

(I) Standardized corporate governance

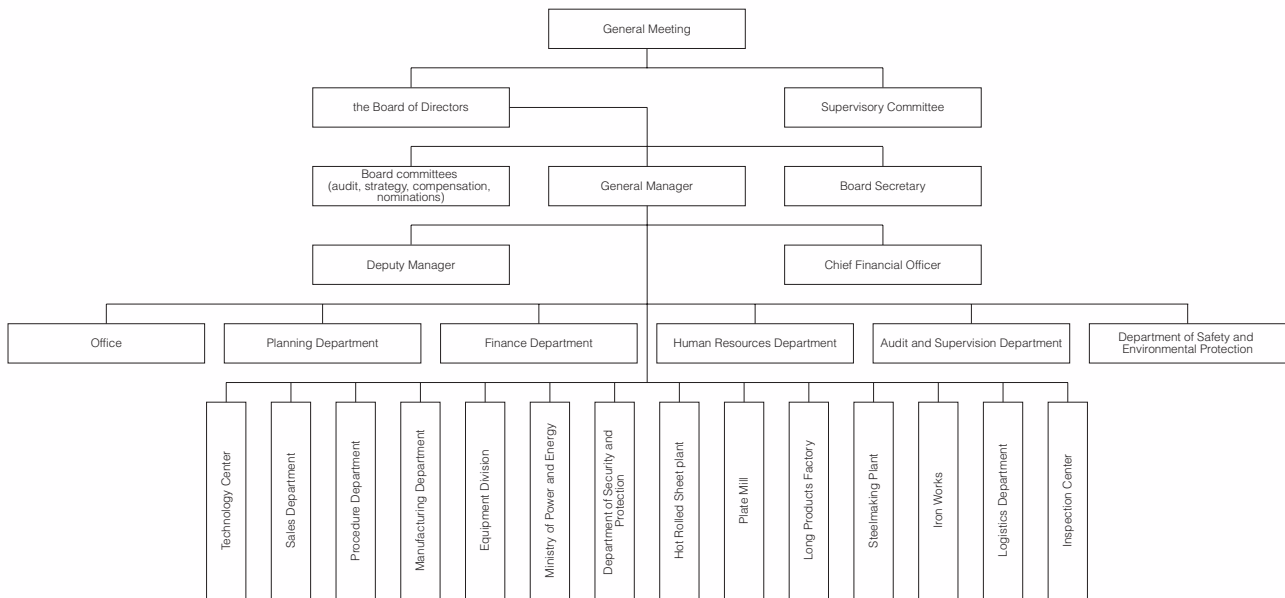
The Company was actively in compliance with the Listing Rules and relevant regulatory rules of Shanghai Stock Exchange, and in accordance with the requirements of relevant laws and regulations, further improved the corporate governance structure of the general meeting, the board of directors, supervisory committee and the management. A clear division of labor and responsibilities appeared between those and manager level. In 2019, the Company complied with all the code provisions of the "Corporate Governance Code", Appendix XIV of the Rules Governing the Listing of Shares of the Hong Kong Stock Exchange.

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(II) Company Structure

At the end of 2019, the Company's organizations are as follows:

The chart of Chongqing Iron & Steel Co., Ltd.



(III) General meeting, the Board and the Supervisory Committee

In 2019, the Company held the 2018 annual general meeting, the 2019 first class meeting of A shareholders and the 2019 first class meeting of H shareholders. The shareholders' meetings were convened by the board of directors and chaired by Mr. Zhou Zhu Ping, the chairman. The convening, presiding, voting, resolutions and other matters at the shareholders' meetings were legal and compliant. The announcements of the resolutions of the meetings were published on the website of the Shanghai Stock Exchange, the website of the Hong Kong Stock Exchange and official media.

The 8th session of the Board of Directors of the Company consisted of nine directors, including three executive directors and six non-executive directors. Among the non-executive directors were three independent directors, accounting for one-third of the Board. All independent directors of the Company had the ability to evaluate internal control and review financial reports. The composition of the Board of Directors complied with the requirements of relevant domestic and overseas laws, regulations and normative documents. The Board of Directors had four professional committees: the Strategic Development Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Evaluation Committee. During the reporting period, the directors of the Company had complied with the requirements of Model Code for Securities Transactions by Directors of Listed Issuers Appendix 10 of Securities Listing Rules of the Hong Kong Stock Exchange.

The 8th session of the Supervisory Committee consisted of five supervisors, including two employee representative supervisors and three shareholder representative supervisors. Employee supervisors accounted for two-fifths of the number of supervisors. The composition of Supervisory Committee was reasonable and met the requirements of relevant domestic and foreign laws, regulations and normative documents.

(IV) INTERNAL CONTROLS

The Board of Directors considered and passed Internal Control Assessment Report (2019), confirming effectiveness of internal controls implemented by the Company in 2019. Ernst&Young Huaming Certified Public Accountants (Special General Partnership) audited the effectiveness of internal controls outlined in the Company's financial report as at 31 December 2019 and issued an unqualified auditor's report on internal controls.

IV. EMPLOYEES

(I) Personnel

At the end of 2019, the Company had 6,405 employees on the job. According to the professional composition category, there were 5,320 production staff, 63 sales staff, 372 technical staff, 58 financial staff, and 592 administrative staff. According to education background, there were 4 PhDs, 110 masters, 1,013 undergraduates, 2,000 junior colleges, and 3,278 people below junior college. The proportion of technical personnel had gradually improved, and the proportion of personnel with a bachelor's degree or higher had increased.

(II) Employees' recruitment and dismissal

The execution, relief or termination of employees' labor contracts shall comply with the relevant laws and regulations such as the Labor Law and the Labor Contract Law, and regulate employees' labor compensation, working hours, attendance and vacation, labor safety and health, insurance benefits and so on. In 2019, 94 new employees were recruited through campus recruitment, social recruitment, and other methods, and 67 labor contracts were terminated according to law, which improved the age, knowledge, and skill structure of employees, and provided talent protection for enhancing corporate competitiveness.

(III) Remuneration policy

Employees' remuneration mainly comprises base salary, subsidies and allowances (including middle-and night-shift allowances, lunch fees, high temperature allowance) and bonus. The Company determines the system, method and level of remuneration payment within the budgeted total amount of salary based on the Company's economic benefits and status as well as appraisal results. In 2019, the Company resolved the problem of wage deviation from value distribution through reorganisation of posts and basic salary structure reform and optimization, smoothly realized the transition from "identity management" to "post management," and successfully launched and operated the new human resources information system. Wage levels have gradually increased.

Employees' social insurance and housing provident fund strictly abide by the relevant laws and regulations such as the Labor Law and Social Insurance Law. The Company pays various social insurances on time and in full, and implements mechanism of housing provident fund by individual payment of 12% of wages and enterprise's supplement of equal amount based on the actual situation of the Company. During the reporting period, a total of RMB258,236,000 of social insurance and RMB143,997,700 of housing provident funds were paid. The Company implemented supplementary medical insurance and critical illness assistance systems to alleviate staff's life pressure caused by illness. In addition, there were welfare systems such as meal subsidies, work uniforms, staff dormitories, transportation subsidies, and health checkups to give employees protection on eating, living, and transportation. During the reporting period, by a series of measures such as renovating staff dormitories, replacing food processing equipment, renovating sports venues and adding fitness equipment, transforming sewage pipes, and renting green plants, the logistics and living facilities were improved and the quality of work and life of employees was improved accordingly.

(IV) Staff Promotion

The promotion of employees implements "competition for employment" and "horse racing mechanism". Through the formulation of management methods for management positions and technical business positions competition among factory manager and the positions below, the position competition mechanism has been improved. Key management and control for working principles, methods, processes, permissions, and responsibilities have been strengthened. Through strengthening performance and bonus, linked relationship of cash incentives and the selection of "Monthly Employee Star", employees are guided to take up their posts firmly and outstanding employees have served as role models, improving work efficiency and enhancing performance. During the reporting period, the Company completed the recruitment (selection) of 6 senior directors and 64 directors, and selected 120 monthly employee stars.

(V) Staff Training

Staff training are provided through internal and external staff training. The Company's efforts for wide and in-depth staff education and training aims to create a learning enterprise and build up a team of talents which meets the needs of the Company and with good mix and creativity, thus ensuring employees' career development and the Company's sustainable development. In 2019, the Company basically completed the construction of the training system through the addition of 7 systems including the training management system, training resource system, and training evaluation system, and finally formed 922 formal training projects, which comprehensively covered all sequence personnel, production processes and specialties.

By strengthening staff training and establishing technical and business communication mechanisms, it effectively made up for shortcomings and established a good mechanism for co-construction, sharing and common growth. In 2019, a total of 158 management technology training projects were completed, trainings were held with 3,238 managers' attendance and 4,991 technical service personnel's attendance, and 61 communications were held for office heads and higher positions. By standardizing the training mechanism for college students and formulating new college student internship training management methods, the two-year internship training is divided into four stages: induction guidance, job recognition, professional internship, and job ability training to help career growth.

Through continuous skills improvement training, employees' vocational skill levels and their professional qualifications have been continuously improved. In 2019, the Company carried out 320 large-scale skill improvement training projects such as the qualifications of inspectors, the resumed production of No. 2 blast furnace, and gas protection. The number of trainings reached 10,000 or more with 576 inspector attendance for their qualification certificates and 507 qualification certificates acquired, 3,445 special operations personnel with licensed rate of 100%.

(VI) Care for staff

The Company cared for and helped employees, paying condolences for 522 employees throughout the year, and applying for help for employees with serious illnesses. It carried out condolences for model workers, employees in difficulty, and party members to help employees solve practical difficulties; implemented summer high-temperature condolences activities; provided on-site employees with heatstroke and cooling condolences; carried out golden autumn scholarship activities and applied for scholarships for the children of 30 employees.

V. INVESTOR

Since the judicial reorganisation, the Company has continuously strengthened investor relations management. Through general meetings, performance announcements and briefings, collective investor reception, investment strategy meetings, summits, WeChat public account of Board of Directors of Chongqing Iron and Steel, creditor shareholder groups, “005 bead ring” and other communication platforms, media interviews and reports, on-site visits, roadshows and counter-roadshows, internal liaison system and information collection and reporting and other forms of investor relations management have been implemented, achieving a breakthrough from tedious to rich and diverse forms of work, investor communication content from legal information disclosure and its explanations (such as periodic reports, temporary announcements) to all aspects of the macroeconomic environment, meso-industry development, micro-enterprise operations. In terms of the Company's development planning, competitive strategy and operating principles, production, operation, finance and other operational management conditions, as well as corporate cultural construction and social responsibility, it fully communicated with investors, and achieved breakthroughs in communication content from repeated inefficiency to diversified and effective, further supplemented the professional talent team, and recruited and made up for investor relationship and lack of management professionals and further promoted investor relations management.

Through the above-mentioned rich and diverse communication channels and content, it not only shows the Company's production and operation results, employees' spirit and style, and conveys the Company's value, but also builds a trustful relationship between the Company and investors, improving investors' awareness of the cognition and acknowledgement degree of the Company. During the reporting period, investors paid more attention to the Company, and many analysts have paid attention to the Company and issued research reports. In addition, the Company also maintained the stability of stock prices and the interests of investors through share repurchases. During the reporting period, the total number of shares repurchased was 31.5 million, accounting for 0.35% of the total share capital.

VI. SUPPLIER

In accordance with the management cycle of “admission evaluation-performance evaluation-hierarchical review-structural optimization”, the Company strengthens supplier admission, evaluation and elimination mechanisms based on performance evaluation management, and establishes classified, grading, decentralized supplier management system. The Company implements a strict supplier management system, and establishes a supplier access system based on the respective attributes of mines, coal, logistics, scrap steel, alloys, refractory materials, materials and spare parts, and evaluation to suppliers is conducted monthly, quarterly, half-yearly and yearly. Thus, it can eliminate unqualified suppliers, introduce high-quality and direct supply suppliers, and continue to optimize the supplier structure.

2019 Environmental And Social Responsibilities Report (Continued)

In 2019, the Company has improved the Supplier Management System, Supplier Management Rules, Supplier Access Evaluation Standards and Supplier Evaluation Standards to ensure that the mechanism of “use system to manage power, work with system, manage people with system” operates effectively to prevent and manage fraud at the source. Through the establishment of unified management standards and processes for all business sector suppliers, professional and personalized standards have also been formulated in accordance with the characteristics of raw materials, making supplier management more in line with specific business needs.

VII. PRODUCT MANUFACTURING

(I) Improving manufacturing technologies

The Company implements the development strategy of “leading manufacturing technology”. Following the guiding principles of enhancing the manufacturing ability, achieving leading manufacturing technology and cost leadership, the Company regarded market as the orientation, customers’ demand as the driver and independent innovation of the enterprise as the subject, and actively conducted the establishment of the innovation system with the integration of production, academic and research institutes.

Through fully benchmarking advanced enterprises in the industry in 2019, the Company optimized nearly 20 systems on technology management and developed a relatively complete technology innovation system. By cooperating with CCID Research Institute, Chongqing University and other institutions to carry out 16 research projects including key technologies for wastewater treatment with coking phenol cyanide, carbon emission analysis and carbon trading models for steel-controlling and discharging enterprises, production, learning and research can be continuously integrated.

In 2019, the Company’s R&D inputs reached RMB516 million with a R&D input ratio of 2.2%, which mainly represents the fees on the development and trial manufacturing of new characteristic products. A total of 20 patents were obtained, of which 5 were invention patents and 15 were utility model patents.

(II) Strengthening quality responsibilities

Following the quality management concept of “seeking survival with quality, promoting development with variety and building an enterprise with quality and efficiency” and under the guidance of “gold inheritance and quality priority”, the Company strengthened the establishment of the quality culture and improved the soft power to develop a quality culture with “people priority, strict practice, continuous improvement and pursuing excellence”. The Company attached equal importance to the ideological and technical quality and trained professional inspectors, internal auditors, junior, medium and senior technical staff every year and provided knowledge education on overall quality management for all employees. The Company also held various labor competitions and matches on individual skills. As a result, the quality management skills and technical quality of all employees have been significantly improved.

2019 Environmental And Social Responsibilities Report (Continued)

The Company enhanced the quality supervision and control in the whole production process and recorded no significant quality accidents. It also implemented branded product strategy and the production ratio of branded steel products reached more than 70%. Centering on market demand and serving customers, the Company achieved a comprehensive satisfaction of 90 points over the product quality of the Company and the enterprise. The Company cherishes and strives to retain the quality awards (certifications) obtained and maintained 100% of them.

VII. CUSTOMERS

Based on the market conditions and development demand, the Company established a system on strategic and key customers and regularly visited and communicated with long-term customers. It selected benchmark enterprises in the industry to fully inquire potential demands and expectation of customers and sped up in promoting sales network and services to deal with customers' complaints on quality in a convenient, rapid and timely manner and carefully perform quality commitments. Meanwhile, based on the market demand, the Company strictly standardized the price implementation procedures to ensure honesty and trustworthiness to all customers.

In 2019, the Company strengthened cooperation with a number of key customers, signed cooperation agreements, established close cooperation relationships, and increased the scale of the business. In accordance with the principles of meritocracy and market elimination, four agents were eliminated and three agents were introduced to optimize customer structure.

IX. ENVIRONMENTAL PROTECTION

(I) Environmental policy, annual environmental goals and effectiveness

The Company adheres to the environmental protection policies of "abiding by laws with integrity, green manufacturing, focusing on prevention, comprehensive governance, full participation, and continuous improvement, and strives to become the most competitive iron and steel company in southwest China", becomes an environmentally friendly and transforming and upgrading leader of mainland steel plants, and becomes a company model for co-development of employees and the enterprise.

In 2019, the Company's environmental goals were that: the discharge of major pollutants should meet the requirements of pollution permits; the discharge of pollutants should meet national standards and internal control standards; the safe disposal rate of hazardous waste should be 100%; and all types of pollution accidents should be zero.

The Company's environmental protection in 2019 has achieved the following results: the should meet performance indicators have continued to improve, and the total discharge of major pollutants has reached the target requirements; the preparation of the environmental protection plan has been completed; the safe disposal rate of hazardous waste was 100%; and there was zero pollution accident throughout the year.

2019 Environmental And Social Responsibilities Report (Continued)

(II) Annual total resource consumption

The energies consumed by the Company are mainly coal, coke, water and electricity. In 2019, the Company significantly improved its energy consumption indicators by benchmarking advanced enterprises, optimizing balance models, and strengthening fine control. The comprehensive energy consumption per ton of steel decreased from 535.85kgce/t in the previous year to 521.57kgce/t, representing a decrease of 2.66%; the self-power generation capacity per ton of steel increased from 341.76kWh in the previous year to 361.58kWh, representing an increase of 5.80%; the converter gas recovery per ton of steel was 108.56m³/t, representing an increase of 15.5% on year-on-year basis, hitting the best level in history. The main indicators are detailed in the table below:

Resource category	2019	2018	Increase/ decrease
Coal (10 ⁴ t)	456.74	440.81	15.93
Coke (10 ⁴ t)	258.62	250.52	8.10
Electricity (10 ⁴ kWh)	250944	246228	4716
Water (10 ⁴ t)	2635.38	2408.47	226.91
Comprehensive energy consumption per ton of steel (kgce/t)	521.57	535.85	-14.28
Self-power generation capacity per ton of steel (kWh/t)	361.58	341.76	19.82
Electricity consumption per ton of steel (kWh/t)	374.38	383.36	-8.98
Converter gas recovery per ton of steel (m ³ /t)	108.56	93.06	15.5
Dismissal of coke over gas (%)	0.85	2.55	-1.7

(III) Environmental investment and development of environmental technology

In 2019, the Company implemented ultra-low emission transformation on the desulfurization process for 2 # and 3 # sintering machine. The 3 # sintering flue gas desulfurization has been completed and the 2 # sintering flue gas desulfurization is expected to be completed by June 2020. After transformation, sulfur dioxide and particulate matter could meet ultra-low emission requirements. In 2020, expansion and transformation of the production wastewater treatment system will be implemented to increase the amount of wastewater treatment and reuse.

2019 Environmental And Social Responsibilities Report (Continued)

The Company promoted technical research on pollution control. We have carried out technical research projects on wastewater, waste gas treatment, and solid waste disposal. Utilization of drones and fluorescent tracer technology has continued to carry out key tasks such as decontamination and diversion of rain and sewage to ensure the discharge of rainwater and wastewater in compliance with the standards. The coking wastewater system has adopted to improve wastewater treatment efficiency and reduce the concentration of polluted water so as to ensure that the water quality is better than the national discharge standard requirements. The sintering desulfurization system waste water will be recycled after meeting standards. The central waste water treatment system will improve the emergency disposal capacity and ensure that the water quality meets the standards. The main goal of waste gas treatment is to control fugitive emissions in the plant area and reduce the total amount of dust. A number of governance projects have been identified and implemented. Technical measures such as high-point observation and plant-wide environmental video monitoring have been adopted to strictly control fugitive emissions, and the amount of dust reduction has continued. The amount of dust reduction in the plant area was 18.1% in 2019; classified disposal of solid waste, source reduction control and full disposal of hazardous waste have been adopted.

(IV) Type, quantity, concentration and trace of contaminant

The Company's main pollutants are wastewater, exhaust gas and solid waste. Exhaust gas is mainly pollutants such as smoke, dust, nitrogen oxides, and SO₂ produced during the production process of materials transshipping, sintering, iron-making, steel-making, and rolling steel. Pollutants in the exhaust gas are discharged into the atmosphere from high chimneys after dust removal and desulfurization treatment. Wastewater is mainly SS, COD, oil, ammonia nitrogen and other pollutant factors produced during the production process. Wastewater is discharged into the Yangtze River after treatment. Solid waste mainly includes iron dust, iron oxide scale, metallurgical slag, etc. The utilization rate of solid waste reached 99.96%.

In 2019, the Company's emissions per ton of steel for major pollutants are as follows: sulfur dioxide emissions of 0.68Kg/t, nitrogen oxide emissions of 0.84Kg/t, particulate matter emissions of 0.92Kg/t, COD emissions of 0.008Kg/t, ammonia nitrogen emissions of 0.0013Kg/t, which is basically the same as the previous year.

The Company has formulated the Measures for the Management of Hazardous Wastes in accordance with the relevant national policies for solid hazardous waste management, which comprehensively controls the types, generation, disposal and transfer of solid hazardous waste. We will increase the source reduction and classified collection of industrial solid hazardous wastes, expand the solid hazardous waste disposal methods, keep a foothold on the Company's internal disposal, and organize relevant units to conduct research, demonstration, and technical research to increase internal utilization. In view of the shortage of external disposal resources, we will seek a compliant external disposal pipeline to effectively reduce the cost of external commissioning. In 2019, the Company generated 24,325.49 tons of hazardous waste and used 24,325.49 tons of disposed waste. The safe disposal rate continued to be maintained at 100%. The solid waste generated was 4,089,457 tons, the utilization was 4,088,125 tons, and the utilization rate was 99.96%.

(V) Construction and operation of environmental protection facilities

The Company's various pollution prevention facilities are fully equipped, technically feasible, and operating normally. The environmental protection facilities currently in operation include: 11 wastewater treatment facilities, 100 exhaust gas and dust treatment facilities, of which main outlets of waste water and exhaust gas are installed with online monitoring and monitoring facilities, and networking has been implemented in accordance with government requirements. Blast furnace water slag, converter steel slag, iron dust and other industrial solid waste disposal facilities are available. All production processes of the Company have facilities such as noise reduction, noise reduction, sound insulation and isolation, which effectively control environmental noise. We strengthen the management and control of environmental protection facilities, clarify the main body of responsibility, implement synchronous operation and maintenance of environmental protection facilities and main facilities, and promptly organize emergency repairs for abnormalities or failures. The synchronous operation rate of environmental protection facilities has reached 100%.

(V) Resource recycling

The Company focuses on the efficient use of energy to minimize gas emissions and optimize energy balance. In 2019, the coking coal release rate was 0.85%, representing a year-on-year decrease of 66.67%, and the coke oven gas loss rate decreased by 44.67%. The converter gas recovery per ton of steel was 108.56m³/t, representing an increase of 16.66% on year-on-year basis, hitting the best level in the history of the year. By reasonably establishing a fixed maintenance model, optimizing production scheduling, making full use of residual gas, waste heat, residual pressure, and adding three-mixed gas reforms, the power generation capacity per ton of steel reached 361.58 kWh/t, representing a year-on-year increase of 5.8%. Through the application of sintered blower inverter reformation, permanent magnet drive and speed regulation and energy saving, the unit electricity consumption per ton of steel has been reduced by 8.98kWh/t. Through strengthening energy production management, process optimization, and application of energy-saving and consumption-reducing measures, the cost of energy power in 2019 fell by RMB7.57/t year-on-year.

2019 Environmental And Social Responsibilities Report (Continued)

The Company's central water treatment plant has a production wastewater treatment capacity of 20,000 tons/day and a domestic sewage treatment capacity of 2500 tons/day. The production wastewater is treated by the physical and chemical method, and the domestic wastewater is treated by the biological contact oxidation method. In 2019, the amount of reuse was 2.75 million tons. In order to increase the amount of reused water, investment in reused water quality upgrades will be increased in 2020 to ensure that the rate of reused water reuse reaches more than 80%. The project is currently being implemented. In 2019, the Company's loop rate was 97.7%, exceeding the national industry standard of 97%.

X. COMMUNITIES AND POVERTY ALLEVIATION

In 2019, the Company proactively and duly fulfilled its social responsibilities in poverty alleviation, education and so on, strived to give back to the society, and to create and consolidate stable and harmonious social-enterprise relations, and was unanimously recognized by government departments and local people. We carried out external donations, supporting the development of public welfare undertakings, and actively contributing to the poverty alleviation of Chongqing Changshou District and the Chongqing Education Development Fund. It strictly implemented the relevant provisions of national tax laws and regulations, and paid taxes in full and on time, without stealing, leaking, nor in arrears of various taxes. In 2019, the Company realized RMB570 million of taxation in the warehouse, ranking first in the tax contribution of its district.

XI. SELF-ASSESSMENT ON PERFORMING SOCIAL RESPONSIBILITIES

In 2019, the Company continuously strengthened the concept of fulfilling social responsibility in production, operation and management and made great efforts in terms of corporate governance, employees' rights protection, environmental protection, safety production and maintenance of public relations, which were recognized by the employees, communities and society. In 2020, the Company will continuously improve the construction of corporate social responsibility management system and execution mechanism, further run the concept of corporate social responsibilities through the process of production and operation, actively repay shareholders and protect the legitimate rights and interests of employees. The Company shall also treat suppliers and customers with integrity, improve product quality, strengthen production safety, participate in public welfare activities, and strengthen environmental protection consciousness, continue to enhance the image as a listed company and implement the spirit of social responsibility.

Chongqing Iron & Steel Company Limited
30 March 2020