华菱钢铁

2025
可持续发展报告

Sustainable Development Report

湖南华菱钢铁股份有限公司

About this Report

Report Description

This report is the sixth annual Sustainability Report of Hunan Valin Steel Co., Ltd. (hereinafter referred to as "Valin Steel", "the Company" or "we"). This report presents, in a true and objective manner, the activities undertaken and specific information relating to the environmental, social and governance performance of Valin Steel and its controlled subsidiaries in 2025. Unless otherwise specified, all monetary amounts in this report are denominated in Renminbi (RMB).

Reporting Scope

Reporting period: This Report is an annual report covering the period from January 1, 2025 to December 31, 2025 (the "reporting period"). To enhance comparability and completeness, certain information may extend beyond the reporting period where appropriate.

Organizational scope: Unless otherwise specified, this report covers Hunan Valin Steel Co., Ltd. and its principal subsidiaries, including Hunan Valin Xiangtan Iron and Steel Co., Ltd. ("Xiangtan Steel"), Hunan Valin Lianyuan Iron & Steel Co., Ltd. ("LY Steel"), Hengyang Valin Steel Tube Co., Ltd. ("HYST"), Valin ArcelorMittal Automotive Steel Co., Ltd. ("VAMA"), and Yangchun New Iron and Steel Co., Ltd. ("Yangchun New Steel").

Basis of Preparation

This report has been prepared mainly with reference to the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange — Sustainability Report (For Trial Implementation)* and *Self-Regulatory Guidance No. 3 for Companies Listed on Shenzhen Stock Exchange — Preparation of Sustainability Report* issued by the Shenzhen Stock Exchange, the *Guidelines for Corporate Social Responsibility Report Preparation in China* (CASS-ESG 6.0) issued by China Enterprise Reform and Development Society and CSR Cloud Research Institute, and *Sustainability Reporting Standards* (GRI Standards) issued by the Global Reporting Initiative (GRI).

Access to the Report

This report is available in Simplified Chinese for readers' reference. The electronic version may be downloaded from CNINFO (www.cninfo.com.cn) and from the Company's official website (http://www.valin.cn / the "ESG Report" page under the "Sustainability" section).

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Chairman's Message

Li Jianyu

Chairman and General Manager Hunan Valin Steel Co., Ltd.

2025 marked the closing year of China's 14th Five-Year Plan. Over the past five years, Valin Steel has pressed ahead in the face of challenges with courage and determination. Always mindful of the mission of a state-owned enterprise, we have stayed focused on the grand vision of the "Three Highlands and Four New Missions Strategy", aligned ourselves with the direction of high-quality development in the steel industry, and advanced transformation through the "four transformations" of high-end, green, intelligent and service-oriented development. In overcoming difficulties, we consolidated our strengths; through innovation and breakthroughs, we further enhanced our capabilities, delivering a strong annual performance characterized by both improved quality and efficiency and the successful conversion of growth drivers. On behalf of Valin Steel, I would like to extend my sincere gratitude to our customers, partners, leaders at all levels, and friends from all sectors of society for their long-standing trust and support. I also wish to express my highest respect to all our employees and officers who have worked tirelessly in every position.

Party Building Providing Strategic Leadership and Cohesion for a New Chapter of Development

We have consistently taken Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as our guiding principle, thoroughly studied and implemented the guiding principles of the 20th National Congress of the Communist Party of China and the plenary sessions of the 20th CPC Central Committee, and translated the strengths of Party building into strong momentum for development. In 2025, in pursuing the vision of "building a world-class steel enterprise", all of the Company's subsidiaries demonstrated strong development momentum. Xiangtan Steel was included in the first public list of "Leading Standard-Compliant Enterprises" under the Normative Conditions for the Steel Industry (2025 Edition), while LY Steel, HYST and Yangchun New Steel were included in the first public list of "Standard-Compliant Enterprises" under the Normative Conditions for the Steel Industry (2025 Edition). Guided by its "Striving Pioneer" Party-building program, Xiangtan Steel advanced technological breakthroughs in high-end wide and heavy plate products, with the related achievements winning a provincial first prize for scientific and technological progress. LY Steel integrated "Party Building + Quality Improvement and Excellence Creation" into its steel production lines, driving key performance indicators to the forefront of the industry. HYST empowered its specialty steel transformation through Party-building case practices, strengthening the foundation for the R&D of steel tubes for extreme operating conditions. Leveraging its "cooperation and win-win" Party-building model, VAMA deepened international collaboration and achieved breakthroughs in both technology and market development. Yangchun New Steel used Party building to drive breakthroughs in environmental protection, taking the lead in the public disclosure of its full-process ultra-low-emission retrofit. The deep integration of Party building with production and operations has enabled us to maintain strategic resolve at all times, stay firmly on course, and move forward with steady steps.

Innovation Drives Breakthroughs, High-End Manufacturing Sets Industry Benchmarks

Focusing on the core task of "innovation-enabled high-end development", the Company achieved dual successes in technological breakthroughs and product upgrades. During the year, we obtained authorization for 640 new patents, won 26 major science and technology awards, and saw 2 products receive the title of "Golden Cup Premium Product". A number of products achieved either "first domestic launch" status or import substitution, and the proportion of key steel grades increased to 68.5%. Each subsidiary continued to deepen its presence in specialized segments and build differentiated competitive strengths. Xiangtan Steel developed 80 mm wear-resistant steel plate and copper-clad steel rolled clad plate, filling domestic gaps, while its 1000 MPa high-strength steel for hydropower and 420 MPa offshore engineering steel were recognized as reaching internationally advanced levels. LY Steel rolled out the first coil of non-grain-oriented "hand-tearable steel" for new energy applications and successfully established the full-process production route for grain-oriented silicon steel with high magnetic induction under full low-temperature conditions, achieving new breakthroughs in the high-end silicon steel market. HYST was accredited as a National Enterprise Technology Center, achieved extensive domestic substitution in the high-end steel tube segment, and secured a leading position for its non-API OCTG products in the deep earth engineering market. VAMA launched a range of innovative solutions, including advanced high-strength steel, integrated multi-part solutions, and steel battery packs, demonstrating its industry-leading role. At the same time, the Company continued to empower its core steel business through digital and intelligent technologies, deploying 46 artificial intelligence application scenarios and a cumulative total of 261 robotic units. Several subsidiaries were selected for inclusion in the first group of national excellence-level intelligent factories, demonstrating the tangible results of its digital and intelligent transformation.

Advancing Green and Low-Carbon Transformation in Depth and Demonstrating the Responsibility of a State-Owned Enterprise

We have consistently regarded "ecological priority and green development" as a mandatory task. Guided by the goals of carbon peaking and carbon neutrality, we have driven green transformation from basic compliance toward ultimate energy efficiency and low-carbon leadership. We have resolutely assumed principal responsibility for environmental governance. All of our production bases completed full-process ultra-low-emission retrofits and public disclosure, with environmental indicators continuing to outperform industry standards. Xiangtan Steel, LY Steel and VAMA were successfully rated as Class A for environmental performance, demonstrating the Company's solid green development capabilities. We have systematically planned our low-carbon transformation by formulating and improving carbon peaking and carbon neutrality action plans, establishing carbon management organizations, clarifying functional responsibilities, and continuously tapping the potential of recovering and utilizing waste heat, surplus pressure, residual energy and steam from production processes. As a result, we have steadily improved comprehensive energy utilization efficiency and clean self-generation capacity. During the year, self-generated electricity reached 10 TWh, setting another historical record. Xiangtan Steel, LY Steel and Yangchun New Steel were successfully selected as cultivation enterprises for the industry's "Best Practice Energy Efficiency Benchmark Demonstration Plants" for carbon peaking and carbon neutrality. We have actively responded to green transformation requirements and green trade barriers by steadily advancing carbon emissions data management, carbon footprint accounting, carbon asset management, and green low-carbon product certification. Our subsidiaries successfully completed carbon footprint certification for multiple products and issued multiple Environmental Product Declarations (EPDs), consolidating the Company's development foundation through green practices across the entire value chain.

Upholding Responsibility to Benefit All Stakeholders and Embarking on a New Journey Together

We have always integrated value creation and social contribution into the fabric of our development, and in a complex market environment, we have continued to increase returns to customers, suppliers, employees, shareholders and society. For customers, we comprehensively enhanced product quality, service capability and market competitiveness to meet the needs of different customer segments, creating added value through integrated steel solutions combining "products + technology + services". For suppliers, we advanced transparent and digital procurement across the board, integrating compliance with applicable laws and regulations, business integrity, professional ethics, and social responsibility into supply chain management to foster a clean and healthy procurement ecosystem. For employees, we effectively safeguarded their rights and interests, established a well-structured training system and broad career development pathways, celebrated the achievements of 3 national model workers and 4 provincial model workers in 2025, and welcomed more than 1,000 new employees to the Company. For shareholders, we maintained frequent communication, increased the cash dividend payout ratio year by year, made our first attempt at share repurchase, actively introduced insurance institutions as long-term strategic shareholders holding more than 5% of the Company's shares, responded promptly to market concerns, and effectively enhanced investor returns. We continued to deepen rural revitalization efforts, expanded effective models such as consumption-based assistance and industrial assistance, and actively carried out public welfare initiatives including charitable donations and community services, deeply integrating the responsibility of a state-owned enterprise into the enhancement of public well-being.

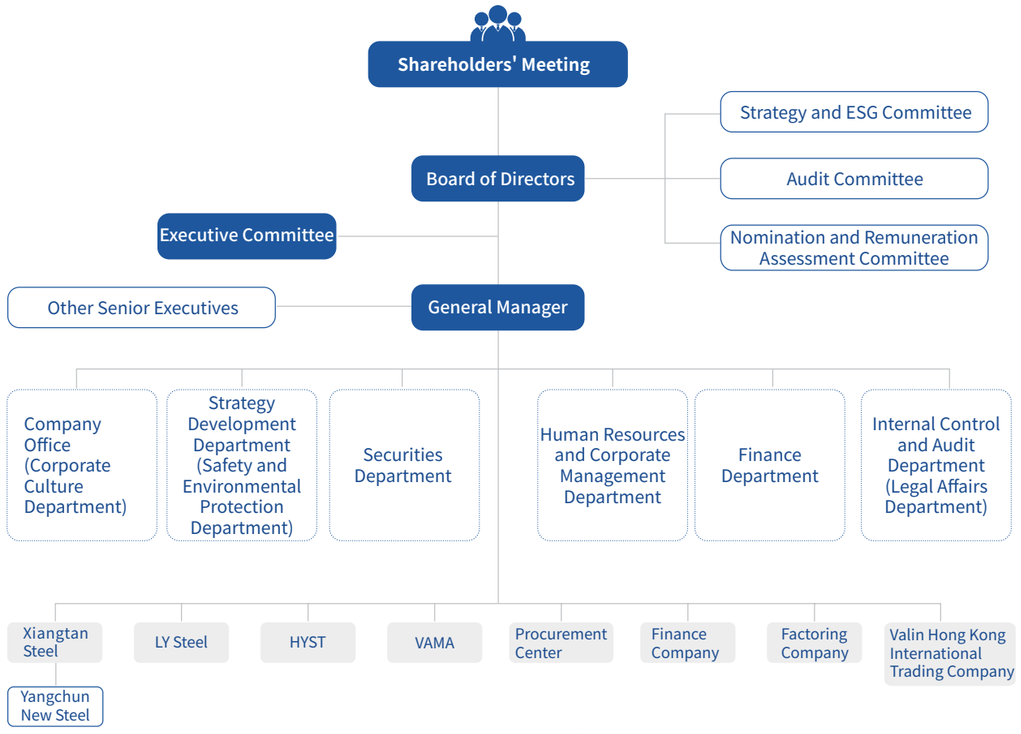
Remembering where we came from, we now embark on a new journey. In pursuing our aspirations across mountains and seas, action must come first. 2026 will be a crucial year for launching China's 15th Five-Year Plan. The steel industry will face multiple tests, including deeper policy regulation and heightened international barriers, while also embracing development opportunities arising from the release of demand in high-end manufacturing and the realization of green transformation dividends. We will always keep in mind the mission of a state-owned enterprise, strive ahead with determination and practical action, foster new quality productive forces, and press forward to secure success in major tasks such as structural adjustment, digital and intelligent upgrading, and green and low-carbon development. We will move with resolve toward the goal of becoming "a comprehensive service provider of steel products dedicated to customer value", contribute to the high-quality development of China's steel industry and to the implementation of the "Three Highlands and Four New" Strategy in Hunan Province, and work hand in hand with all stakeholders toward an even better new journey ahead.

About Valin Steel

Company Profile

Valin Steel is a joint stock limited company established in 1997, with Hunan Iron & Steel Group Co., Ltd., the largest provincial state-owned enterprise in Hunan Province, as its principal sponsor. It was listed on the Shenzhen Stock Exchange (SZSE) in August 1999. The Company is principally engaged in the production and sale of steel products, and possesses full-process technological equipment covering coking, sintering, ironmaking, steelmaking, rolling, and steel deep processing. Its core equipment and production processes are among the most advanced in the world. Headquartered in Changsha, Hunan Province, the Company operates five specialized production bases in Xiangtan, Loudi and Hengyang in Hunan Province, and Yangjiang in Guangdong Province.

Organizational Structure



Organizational Structure of Valin Steel

Major Production Bases

Xiangtan Steel

Vision: Committed to building a modern steel enterprise with international competitiveness and broad respect

LY Steel

Vision: Committed to becoming a domestically leading, world-class, and sustainably competitive comprehensive steel service provider

HYST

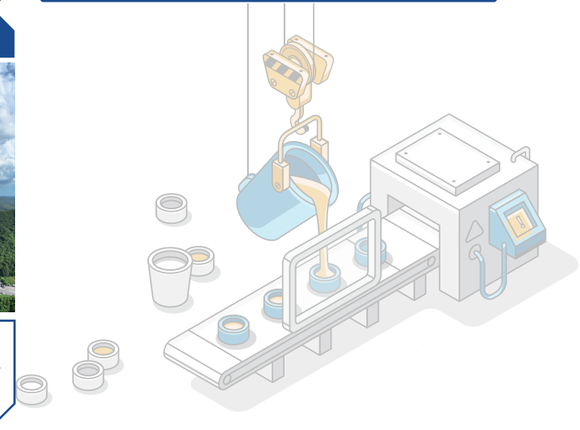
Vision: Committed to building a world-class specialized seamless steel tube enterprise

VAMA

Vision: Committed to becoming the best supplier of integrated automotive steel solutions in China

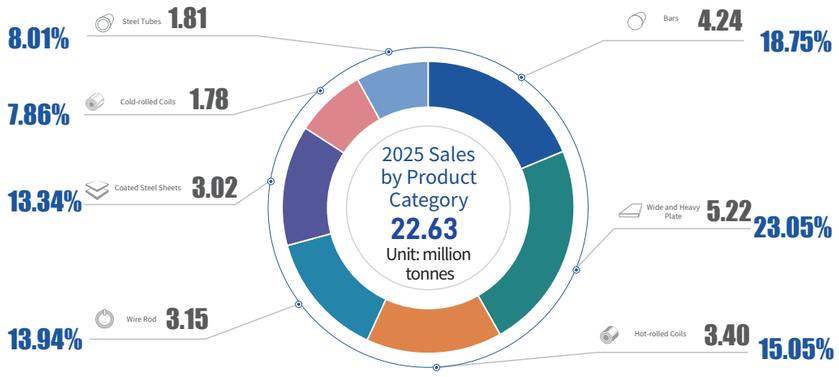
Yangchun New Steel

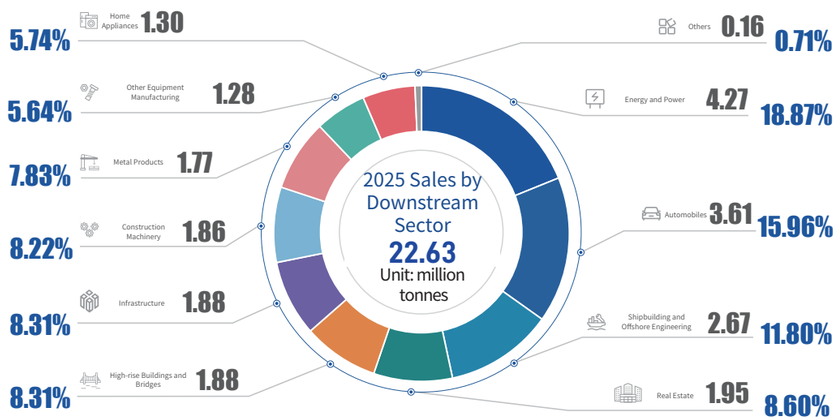
Vision: Committed to becoming a major production base and industry leader for wire rod and bar products in South China



Major Products[1]

The Company adheres to the strategy of "building strength through specialization and achieving regional leadership", and continues to refine its three strategic support systems: lean production, the integration of sales, R&D and production, and marketing and service. Focusing on market segments and targeting landmark projects and benchmark customers, the Company is committed to providing satisfactory steel products and services to customers worldwide. The Company's product mix is centered on steel plate products, primarily serving the industrial steel market and aligning with the future direction of China's manufacturing transformation and upgrading. Its products cover nearly 10,000 varieties and specifications across four major series: wide and heavy plate, hot- and cold-rolled sheet, wire rod and bar, and seamless steel tubes.





Among these, wide and heavy plate products have formed six major series: shipbuilding plate, boiler and pressure vessel plate, bridge and high-rise building structural plate, pipeline steel, wear-resistant steel, and offshore platform steel. The hot- and cold-rolled sheet series has successfully developed products including high-strength thin-gauge steel for construction machinery, wear-resistant steel, medium- and high-carbon alloy steel, electrical steel, automotive steel, and galvanized steel for home appliances. Seamless steel tube products cover large, medium and small size ranges, including product series for oil and gas applications, pressure vessels, and machining. With premium products, stable quality and services exceeding customer expectations, the Company has established leading advantages in market segments such as energy and oil and gas, shipbuilding and offshore engineering, construction machinery and bridges, and automobiles.

1 Sales volumes and percentages by product category are rounded figures.

2025

Capable of meeting customers' personalized end-use requirements—reached **15.50** million tonnes

Accounting for **68.5** % of total steel sales

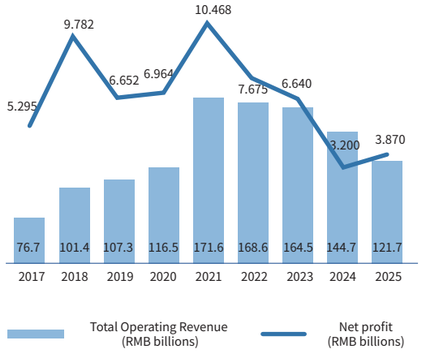
Product Category	2025	
	Sales Volume（million tonnes）	Percentage（%）
Automotive steel	3.49	22.54
Steel for energy and oil & gas	2.10	13.56
Steel for shipbuilding and offshore engineering	1.77	11.41
Steel for construction machinery	1.65	10.66
Electrical Steel	1.62	10.43
Steel for bridges and high-rise buildings	1.40	9.06
Steel for metal products	1.17	7.57
Steel for home appliances	1.17	7.58
Steel for equipment manufacturing	1.01	6.53
Others	0.10	0.67
Total	15.50	100.00

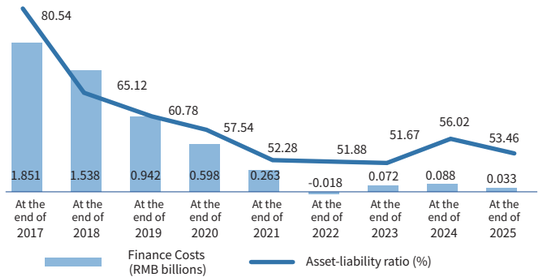
Corporate Culture

Valin Steel vigorously explores and promotes the value orientation of "putting strivers first" and the enduring red cultural heritage of Huxiang. The Company regards corporate culture as the soul and pillar of corporate development, and remains committed to observing and upholding its corporate culture in all business activities, using it as the foundation for uniting employees and pooling collective strength.

Highlights 2025

In 2025, the steel industry remained in a phase of deep adjustment and continued to operate under a pattern of "development through volume reduction and optimization of existing capacity." The imbalance between supply and demand remained pronounced, and enterprises continued to face significant operating pressure. In response to the complex and challenging market environment, the Company maintained strong strategic resolve, actively aligned itself with market demand, vigorously advanced cost reduction and efficiency enhancement initiatives, and accelerated transformation and upgrading toward high-end, intelligent and green development, maintaining relatively stable production and operations. During the reporting period, the Company recorded total operating revenue of RMB 121.741 billion. Total profit, net profit, and net profit attributable to owners of the parent company amounted to RMB 4.820 billion, RMB 3.870 billion, and RMB 2.611 billion, respectively, representing year-on-year increases of 16.37%, 20.97%, and 28.49%, respectively. The Company continued to maintain a leading level of profitability within the steel industry.





Closely Aligning with High-End Demand, Achieving Further Breakthroughs in Product Upgrading.

Staying committed to innovation as the primary driver, the Company obtained authorization for 640 new patents during the year, including 242 invention patents, and received 26 major science and technology awards, including 7 at the provincial or ministerial level and 19 industry and other awards. Focusing on the high-end transformation of industrial steel, the Company developed 163 new products, achieved first launches of 19 high-end, precision and advanced products, realized import substitution for 8 steel grades, saw 1 product recognized as a national manufacturing single-champion product, and won 22 awards for metallurgical product physical quality. Sales of key steel products accounted for 68.5% of total sales, representing a further increase of 3.5 percentage points over 2024.

By product category, in the wide and heavy plate segment, Xiangtan Steel focused on high-strength, extra-thick and corrosion-resistant applications, and developed 28 new products including deepwater subsea pipeline steel and 260 mm rack steel. Its 80 mm wear-resistant steel and copper-clad steel rolled clad plate filled domestic gaps, while its 1000 MPa steel for hydropower applications and 420 MPa steel for offshore engineering applications were recognized as reaching an internationally advanced level. Sales of nickel-alloy steel, high-strength wear-resistant steel, and low-temperature shipbuilding steel increased by 36%, 75%, and 256% year on year, respectively. In the sheet steel segment, LY Steel's "cold-rolled hot-forming steel sheet and strip" was awarded the title of "Golden Cup Premium Product". Its SK series products achieved a major technological breakthrough in rolling from 1 mm to 0.01 mm and, together with customers, realized China's only mass production of such products. Finished high-magnetic-induction grain-oriented silicon steel achieved its first delivery, and the first coil of non-grain-oriented ultra-thin steel for new energy applications—known as "hand-tearable steel"—was successfully rolled off the line, with a thickness of only 0.10 mm. Low-temperature high-manganese steel was supplied in volume for fuel tanks used in green-powered vessels. Sales of high-margin products such as grain-oriented silicon steel, high-strength coated steel, and quenched and tempered plate increased by 21%, 103%, and 93% year on year, respectively. In response to supply chain integration, vehicle body modularization, and sustainability requirements in the automotive industry, VAMA secured 24 additional technical licenses for new steel grades. Its Yujian™ multi-part integration solution once again won industry recognition and received the "2025 Automotive Industry Rotary Award", while its steel battery pack solution received the "Value Empowerment Award" at the International Forum of Automotive Traffic Safety, supporting new breakthroughs for China's automotive industry in lightweighting, safety, and cost efficiency. In the seamless steel tube segment, HYST's "pilot-scale testing platform for high-performance OCTG" was recognized as a new materials pilot-scale testing platform by Hunan Province, and its "OCTG for deep and ultra-deep wells" was included in the list of national manufacturing single-champion products. HYST achieved direct supply to Huaneng Group's four major piping systems, further expanded into high-end energy markets along the Belt and Road, passed QatarEnergy's certification for line pipe products, and obtained supply qualifications for both structural tubes and line pipes. It also passed TotalEnergies' certificate extension review and premium connection audit, expanding the certified range from K55, N80Q, L80-1, and P110 to corrosion-resistant casing grades including C90, T95, C110, and Q125. In the industrial wire rod and bar segment, Xiangtan Steel accelerated product quality upgrading and developed 52 new products, including 80 kg-grade high-strength alloy welding wire and 2000 MPa-grade high-strength mono-leaf spring steel. China's first application of 1Ni weather-resistant steel for rivets was realized, non-quenched-and-tempered crankshaft steel entered Toyota's supplier system, bearing steel met the admission standards of Luoyang Bearing Group, and Grade 10.9 high-strength cold-heading steel was certified by Geely and Ford. Sales of high-end gear steel, non-quenched-and-tempered steel, and spring steel bars increased by 47%, 132%, and 331% year on year, respectively.

Focusing on High-End, Intelligent and Green Transformation, with Coordinated Progress in Intelligent Manufacturing and Green and Low-Carbon Development.

Closely aligned with Hunan Province's "4×4" modern industrial system, the Company developed new quality productive forces suited to local conditions and intensified its transformation toward high-end, intelligent and green development. First, hardware support for high-end manufacturing was comprehensively strengthened. Adhering to a "high-end + differentiated" approach, the Company continuously upgraded its production lines and equipment toward the high end. At Xiangtan Steel, projects including Phase I of the quality upgrading project for Plate Line II, Phase III of the bar finishing line, and the new large-bloom continuous caster in the steelmaking plant progressed in an orderly manner. At LY Steel, the No. 3 cold-rolling galvanizing line rapidly reached target output and acquired the capability to produce key products such as automotive outer panels and DP1180, while the silicon steel production line achieved full production and target performance and successfully established the full-process route for producing high-magnetic-induction grain-oriented silicon steel entirely under low-temperature conditions. HYST fully launched its industrialization and sustainable development project for extra-large-diameter continuously rolled pipes, providing solid hardware support for the continued move toward a more high-end product mix. Second, digital and intelligent upgrading was implemented across the board. The Company further advanced digital and intelligent development in depth. In 2025, 46 AI large-model application scenarios were launched, and the cumulative number of robot units deployed in the core steel business reached 261. Xiangtan Steel was selected for inclusion in the first group of national excellence-level intelligent factories, LY Steel was included in the list of "5G factories", and HYST's smart industrial park was recognized as one of Hunan Province's landmark" digital new infrastructure" projects. Projects such as the financial digitalization at headquarters, the intelligent equipment-process integration at Xiangtan Steel, the integrated smart energy-and-carbon management and control at LY Steel, and the energy management system at HYST all accelerated. Third, green transformation and development advanced at full speed. The Company strictly implemented ultra-low-emission requirements. In 2025, all production bases completed ultra-low-emission retrofits and full-process public disclosure. Compared with pre-retrofit levels, emissions of particulate matter, sulfur dioxide, and nitrogen oxides decreased by 60%, 69%, and 54%, respectively. Xiangtan Steel, LY Steel, and VAMA successfully achieved Class A environmental performance. Xiangtan Steel, LY Steel, and Yangchun New Steel were included in the cultivation list for "Best Practice Energy Efficiency Benchmark Demonstration Factories" under the carbon peaking and carbon neutrality initiative. More than 60 products completed carbon footprint certification and published EPD reports.

Deepening Best-in-Class Benchmarking, with Remarkable Results in Cost Reduction and Efficiency Enhancement through Lean Operations.

The Company continued to refine its benchmarking system, strengthen refined management, and deliver cost reduction and efficiency enhancement across all operations. First, process costs were continuously reduced. The Company adhered to the mechanism of holding one benchmarking meeting each month and granting rewards each quarter, continuously improving its benchmarking system and optimizing techno-economic indicators. Major production lines maintained lean and stable operation, with more than 60 techno-economic indicators setting new records. 6 furnaces and production units received the titles of "Excellence Furnace" and "Pacesetter Furnace" in the national benchmarking competition on energy saving and consumption reduction for key large-scale energy-consuming steel production equipment. The solid fuel consumption of Xiangtan Steel's 450 m^2 sinter machine and the fuel rate of LY Steel's No. 7 blast furnace remained industry-leading, while the hot metal cost of Yangchun New Steel ranked among the top five in the industry. Second, procurement cost competitiveness was enhanced. The Company consolidated its primary sourcing channels and expanded new resource channels, achieving notable results in the development of non-mainstream resources. The share of non-mainstream imported ore used reached 55.6%, up 3.6 percentage points year on year. It also continued to optimize port deployment and ocean-shipping COA chartering. Despite challenges including strong currents during the Yangtze River flood season, canal lock congestion, shortages of empty vessels, and two maintenance shutdowns at the Changsha hub, the share of coal transported by water increased by 6 percentage points over the previous year. Third, energy costs were further reduced. The Company continued to strengthen the recovery and utilization of secondary energy and maintained an industry-leading position in areas such as coke dry quenching, sintering waste-heat power generation, and waste-heat power generation from downstream steel processing. Total self-generated electricity reached 10 TWh for the year, an increase of 333 GWh year on year, setting another new record. The newly commissioned 150 MW supercritical generating units at Xiangtan Steel and LY Steel operated stably. Fourth, financial costs remained low. At the end of 2025, the Company's liability-to-asset ratio stood at 53.46%, significantly lower than its historical peak for the same period and down 2.55 percentage points from the end of the previous year, reflecting a sound financial position. Financial expenses for the year amounted to RMB 32.66 million, down RMB 55.05 million year on year, representing a decrease of 62.77%. Overall financial costs remained well under control at a relatively low level, and the Company's overall financing cost remained at a historical low.

Unleashing Reform Momentum and Sustaining the Vitality of Institutional and Operational Innovation.

The Company continued to improve its market-oriented operating mechanisms, deepen state-owned enterprise reform, and work to build a model of modern governance for traditional manufacturing enterprises. First, the Company continued to deepen reform of its institutional frameworks and operating mechanisms. The Company further optimized its corporate governance structure and advanced the reform of the board of supervisors. It also improved a market-oriented system featuring hard constraints and strong incentives, implemented performance-linked remuneration, widened income differentiation, and further stimulated development momentum. The Company deepened reform of the labor, personnel, and remuneration systems. The labor productivity in the core steel business remained at an advanced level in the industry. The Company continued to promote the culture of "putting strivers first", comprehensively advanced benchmarking and management enhancement against world-class standards, and received 10 management innovation awards at or above the provincial or ministerial level. In line with its strategic transformation objectives, Xiangtan Steel carried out management reform by establishing a new Industrial Development Department and a Digital and Intelligent Research Institute, while reorganizing its operations into three business divisions covering ironmaking, specialty steel, and plate products. At the same time, it revised 192 system documents and management policies and streamlined 28 business processes, further improving operating efficiency. Second, the Company continued to strengthen the development of management, technical, and skilled talent pipelines. The Company organized tiered and specialized training programs for management, technical, and skilled personnel; held knowledge forums for PhD recruits and chief specialists on the "four new" areas—new technologies, new processes, new equipment, and new materials; invited external experts to deliver special lectures on sintering, steelmaking, digitalization, and other topics; introduced technical authorities, industry experts, and PhD graduates from leading universities to strengthen its talent pool; and maintained recruitment from universities and disciplines designated under China's "Double First-Class" Initiative. Among newly hired graduates, 25% held master's or doctoral degrees, and 143 employees had been selected for the Yingpei Program on a cumulative basis. A total of 23 employees received honors at or above the provincial or ministerial level, while 2 teams and 8 individuals were selected for the Hunan Furong Talent Action Plan. In addition, 3 employees were named National Model Workers, 4 were named Provincial Model Workers, and 1 was named a Great Country Craftsman, all record highs, further demonstrating the growing leadership role of the Company's talent base.

Honors 2025

Over the years, Valin Steel has continued to advance and has earned broad recognition from governments, institutions, industry organizations, and wider society. In 2025, the Company and its subsidiaries received numerous honors in areas such as product quality, scientific and technological innovation, and social responsibility.

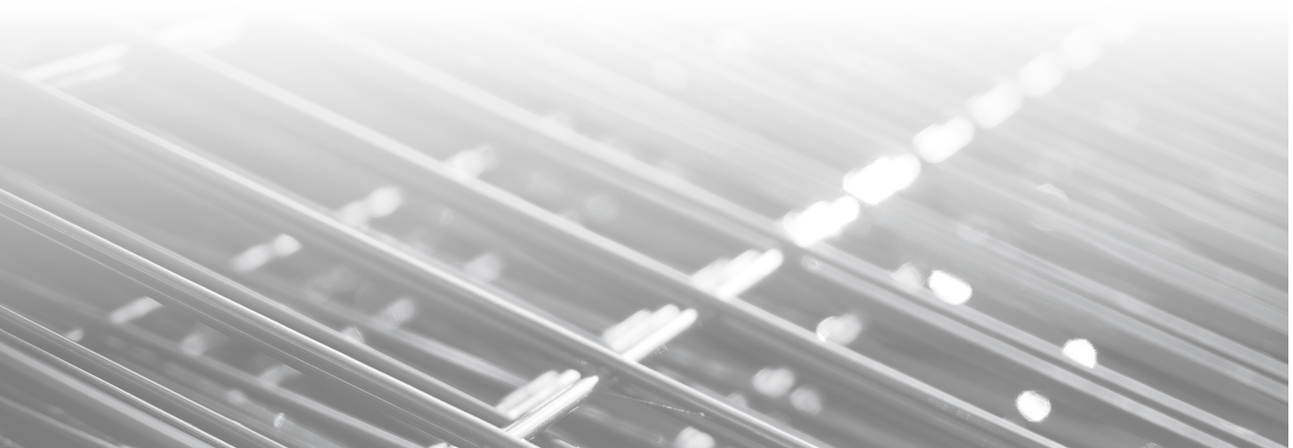
Science and Technology Honors

Innovation Platforms

Platform Name	Entity	Level
National Enterprise Technology Center	HYST	National
Chen Wenbin National-Level Skills Master Studio	LY Steel	National
Pilot Enterprise for the Construction of Hunan Provincial Innovation Consortiums	Xiangtan Steel, LY Steel	Provincial
Hunan Provincial Manufacturing Innovation Center for High-Quality Silicon Steel	LY Steel	Provincial
Hunan Provincial Pilot-Scale Testing Platform for High-Performance OCTG	HYST	Provincial

National Manufacturing Single Champion Enterprise

Award-Winning Item	Participating / Awarded Unit(s)	Award Level
"OCTG for Deep / Ultra-Deep Wells"	HYST	The Ninth Batch of National Manufacturing Single Champions designated by the Ministry of Industry and Information Technology (MIIT)



Golden Cup Premium / High-Quality Products

Platform Name	Entity	Level
Weather-resistant structural steel plate for bridges (Q420qDNH)	Xiangtan Steel	Golden Cup Premium Products
Cold-rolled hot-forming steel sheet and strip (LG1500)	LY Steel	Golden Cup Premium Products
Structural steel with guaranteed hardenability (20CrMnMoH)	Xiangtan Steel	Golden Cup High-Quality Products
Heat-treated steel plate for ultra-high-strength structures (Q1100E)	Xiangtan Steel	Golden Cup High-Quality Products
Hot-rolled wire rod for free-cutting steel (XY1215)	Xiangtan Steel	Golden Cup High-Quality Products
Hot-rolled alloy tube billet for high-pressure boilers (15CrMoG)	Xiangtan Steel	Golden Cup High-Quality Products
Steel plate for building structures (Q460GJ)	Xiangtan Steel	Golden Cup High-Quality Products
Hot-rolled wire rod for steel used in cold heading and cold extrusion (SAE10B21A)	Xiangtan Steel	Golden Cup High-Quality Products
Weather-resistant structural steel plate for bridges (Q420qDNH)	Xiangtan Steel	Golden Cup High-Quality Products
Steel for low-temperature pressure vessels (16MnDR)	LY Steel	Golden Cup High-Quality Products
High-manganese austenitic wear-resistant steel plate (MN13)	LY Steel	Golden Cup High-Quality Products
Heat-treated steel plate for construction machinery (LG800T)	LY Steel	Golden Cup High-Quality Products
Hot-rolled steel sheet and strip of quality carbon structural steel (20)	LY Steel	Golden Cup High-Quality Products
Continuously hot-dip galvanized high-strength interstitial-free steel strip (HC220YD+Z)	LY Steel	Golden Cup High-Quality Products
Continuously hot-dip galvanized low-alloy steel strip (HC340LAD+Z)	LY Steel	Golden Cup High-Quality Products
Seamless steel tubes for high-pressure boilers (12Cr1MoVG)	HYST	Golden Cup High-Quality Products
Tubes for offshore engineering (X100Q)	HYST	Golden Cup High-Quality Products
Seamless steel tubes for crane booms (BJ890)	HYST	Golden Cup High-Quality Products
Steel pipes for casing used in oil and gas wells in the petroleum and natural gas industry (P110 (HS110TT, P110TT, 110V, HS110V))	HYST	Golden Cup High-Quality Products
Seamless steel tubes for rotary drilling rig drill rods (HG850)	HYST	Golden Cup High-Quality Products
Hot-rolled ribbed steel bars in straight lengths for reinforced concrete (HRB500E)	Yangchun New Steel	Golden Cup High-Quality Products
Hot-rolled plain steel bars for reinforced concrete (HPB300)	Yangchun New Steel	Golden Cup High-Quality Products

Science and Technology Awards

Xiangtan Steel's "Steel for the Haiji-2 Deepwater Jacket" won a first prize for scientific and technological progress in the China Petroleum and Chemical Industry Federation.

Xiangtan Steel's "Development and Application of Complete Technologies for Ultra-Thick Straight-Mold Arc Continuous Slab Casters" won the Grand Prize of the 2025 Metallurgical Science and Technology Award.

Xiangtan Steel and Valin V Cloud's "Key Technologies and Equipment for Low-Carbon Equalizing Sintering Based on Fuel Segregation" won the First Prize of the 2025 Metallurgical Science and Technology Award.

LY Steel's "R&D and Application of Key Technologies and Equipment for Intelligent Leveling of Advanced High-Strength Steel" won the First Prize of the Metallurgical Science and Technology Award from the China Iron and Steel Association and the Chinese Society for Metals.

LY Steel's "Key Core Technologies for Efficient Production of Wide High-Quality Medium- and High-Carbon Steel Strip" won the First Prize of the Metallurgical Science and Technology Award from the China Iron and Steel Association and the Chinese Society for Metals.

LY Steel's "Magnetically Controlled Extraordinary Metallurgical Preparation Technology for High-Quality Steel Materials" won the First Prize of the Metallurgical Science and Technology Award from the China Iron and Steel Association and the Chinese Society for Metals.

Xiangtan Steel's "Development and Application of Key Preparation Technologies for High-Quality Rolled Clad Plates" won the First Prize of the Metallurgical Science and Technology Award from the China Iron and Steel Association and the Chinese Society for Metals.

Xiangtan Steel's "R&D and Industrial Application of Key Technologies for Ultra-Wide High-Strength, High-Toughness and Easy-to-Weld Steel Plates" won the First Prize of the 2025 Metallurgical Science and Technology Award.

LY Steel's "Innovation and Practice in Key Equipment Technologies for Heat Treatment Lines for High-Quality Thin-Gauge Steel Plates" won the First Prize of the Metallurgical Science and Technology Award from the China Iron and Steel Association and the Chinese Society for Metals.

Yangchun New Steel's *R&D and Application of an Intelligent Control System for Equipment Across the Entire Steelmaking Process* won the First Prize of the 2025 Guangdong Metallurgical Science and Technology Achievement Award from the Guangdong Association of Iron and Steel Industry and the Guangdong Provincial Metal Association.

Xiangtan Steel's "Development and Application of Key Technologies for Weather-Resistant Bridge Steel in Special Service Environments" won the Second Prize of the 2025 Metallurgical Science and Technology Award.

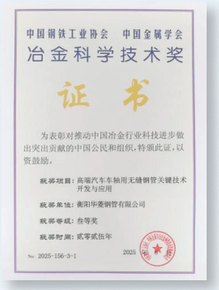
Xiangtan Steel's "Key Manufacturing Technologies and Engineering Application of 420/460 MPa-Grade Extra-Thick Steel Plates for Deep-Sea Jackets with High Service Safety" won the Second Prize of the 2025 Metallurgical Science and Technology Award.

Science and Technology Awards

HYST and Xiangtan Steel's "Development and Application of Key Technologies for High-Quality Continuous Casting and Quality Control of Steel" won the Second Prize of the Metallurgical Science and Technology Award from the China Iron and Steel Association and the Chinese Society for Metals.

LY Steel's "Development and Application of Key Technologies for Design and Control of Nitrogen Microalloying in High-Quality Steel" won the Third Prize of the Metallurgical Science and Technology Award from the China Iron and Steel Association and the Chinese Society for Metals.

HYST's "Development and Application of Key Technologies for Seamless Steel Tubes for High-End Automotive Axles" won the Third Prize of the Metallurgical Science and Technology Award from the China Iron and Steel Association and the Chinese Society for Metals.



HYST's "Product Development and National Standard Formulation for Precision Seamless Steel Tubes for Hydraulic Cylinders in Construction Machinery" won the Third Prize of the Metallurgical Science and Technology Award from the China Iron and Steel Association and the Chinese Society for Metals.

Yangchun New Steel's *Construction and Practice of an Integrated Cost Management and Control System Across the Full-Process Chain in Steel Enterprises* won the Third Prize of the 2025 Guangdong Metallurgical Science and Technology Achievement Award from the Guangdong Association of Iron and Steel Industry and the Guangdong Provincial Metal Association.

Other Science and Technology Awards

"Key Manufacturing Technology and Application of 420 MPa-Grade Extra-Thick Steel for Deepwater Jackets at Xiangtan Steel" won the Grand Prize from the China Machinery, Metallurgy and Building Materials Workers' Technical Association.

Xiangtan Steel

"420 MPa-Grade Series of High-Strength Low-Alloy Structural Steel for Offshore Platforms" won the 2024 Product Development and Market Expansion Award from the China Iron and Steel Association.

Xiangtan Steel

"Development of a New Generation of Soft Magnetic Materials for Extreme Application Scenarios and Application in High-Quality Motor Systems" won the Second Prize of the Mechanical Industry Science and Technology Award from the China Machinery Industry Federation and the Chinese Mechanical Engineering Society.

LY Steel

"Thin-Gauge Heat-Treated Steel Plate for Crane Booms of LY Steel" won the Product Development and Market Expansion Award from the China Iron and Steel Association.

LY Steel

"Thin-Gauge High-Strength, High-Toughness and Wear-Resistant Steel" received the "Innovative Product" award from World Metals.

LY Steel

"High-Quality Steel for Diverse Extreme Environments in Deep Sea and Deep Earth Applications" was selected as a Hunan Province advanced manufacturing "open competition for selecting the best candidates" project issued by the Hunan Provincial Department of Industry and Information Technology.

HYST

"Development and Application of Key Technologies for High-Quality Low-Alloy Weather-Resistant Steel" won the Second Prize of the Science and Technology Award from the Chinese Society for Corrosion and Protection.

HYST

"Development and Application of Key Technologies for Anti-H2S Corrosion OCTG of 110 ksi and Above Steel Grades" won the Second Prize for Scientific and Technological Progress from the China Steel Construction Society.

LY Steel

Three products, including "Hot-Rolled Plain Steel Bars for Reinforcement in Concrete", received the 2025 Guangdong Famous, High-Quality and Innovative Products.

Yangchun New Steel

Product Quality / Management Innovation

First Prize of the 22nd Modern Management Innovation Achievement Awards for Metallurgical Enterprises, awarded by the China Iron and Steel Association

Xiangtan Steel

Nomination Award of the 8th Hunan Governor Quality Award, presented by the People's Government of Hunan Province

LY Steel

"Development and Application of Innovative Thin-Gauge High-Strength, High-Toughness and Wear-Resistant Steel" received the "Three Innovations Brand Achievement" award from World Metals

LY Steel

Building an Integrated Risk Prevention and Control System Based on the Interconnection of Discipline Inspection, Audit, Legal Affairs and Business Operations in a Large Steel Tube Enterprise received the First Prize of the Hunan Modern Enterprise Management Innovation Achievement Awards

HYST

National Quality Brand for Machinery Steel of the Year, awarded by Shanghai Ganglian E-Commerce Holdings Co., Ltd.

HYST

Hunan Province Manufacturing Quality Benchmark; Hunan Province Manufacturing Single Champion — VAMA

"National Manufacturing Quality Benchmark", awarded by the China Association for Quality — VAMA

Green Production

National Green Factory — Xiangtan Steel

Advanced Collective of the 2025 China Water Saving Awards — Xiangtan Steel

Enterprise selected for cultivation under the industry's "Best Practice Energy Efficiency Benchmark Demonstration Plants" for carbon peaking and carbon neutrality — Xiangtan Steel

Advanced Collective for Environmental Protection Statistics in China's steel industry, awarded by the Information and Statistics Department of the China Iron and Steel Association — Xiangtan Steel

Enterprise selected for cultivation under the industry's "Best Practice Energy Efficiency Benchmark Demonstration Plants" for carbon peaking and carbon neutrality — Successfully achieved Class A environmental performance — Xiangtan Steel

Enterprise selected for cultivation under the industry's "Best Practice Energy Efficiency Benchmark Demonstration Plants" for carbon peaking and carbon neutrality — LY Steel

Successfully achieved Class A environmental performance — LY Steel

National Green Factory — HYST

National Green Factory — VAMA

Successfully achieved Class A environmental performance — VAMA

National Green Factory — Yangchun New Steel

Enterprise selected for cultivation under the industry's "Best Practice Energy Efficiency Benchmark Demonstration Plants" for carbon peaking and carbon neutrality — Yangchun New Steel

Intelligent Manufacturing

Optimization-Level Intelligent Factory, awarded by China Metallurgical Information and Standardization Institute — Xiangtan Steel

Included in the 2025 List of 5G Factories of the Ministry of Industry and Information Technology — Xiangtan Steel

Included in the "100 Landmark Projects for Digital New Infrastructure in Hunan Province (2025)" list, released by the Hunan Provincial Department of Industry and Information Technology — Xiangtan Steel

Grand Prize of the First China Artificial Intelligence Application Innovation Competition 2025, awarded by the Chinese Society of Technical Economics — Xiangtan Steel

Included in Hunan Provincecs 2025 List of Typical Application Scenarios for "Artificial Intelligence + Citywide Digital Transformation" — Xiangtan Steel

Advanced-Level Intelligent Factory of Hunan Province, recognized by the Hunan Provincial Department of Industry and Information Technology — LY Steel

Included in the 2025 List of 5G Factories of the Ministry of Industry and Information Technology — LY Steel

First Prize in the Hunan IPv6 Application Innovation Competition — LY Steel

Included in the "100 Landmark Projects for Digital New Infrastructure in Hunan Province (2025)" list, released by the Hunan Provincial Department of Industry and Information Technology — HYST

Included in Hunan Province's classification list for cybersecurity of industrial internet enterprise networks, released by the Hunan Provincial Department of Industry and Information Technology — HYST

Advanced-Level Intelligent Factory of Guangdong Province — Yangchun New Steel

External Recognition / Investor Relations

"2025 Best Practice Award for Board Office", awarded by the China Association for Public Companies (CAPCO) — Valin Steel

Awarded the Shenzhen Stock Exchange's highest information disclosure rating of "A" for seven consecutive years — Valin Steel

Recognized as the "Outstanding IR Team" and received the Annual Investor Relations Gold Award from P5W — Valin Steel

Assigned an ESG "AAA" rating by the China Metallurgical Industry Planning and Research Institute — Valin Steel

Recognized as a "Contract-Honoring and Credit-Reliable Enterprise" in Hunan Province — HYST

Second Prize of the National Enterprise Culture Achievement Awards — HYST

AAA Enterprise for High-Quality Development in China's steel industry — HYST

"Top 100 New Supply Chain Enterprises in China's Automotive Industry" — VAMA

"Value Empowerment Award", presented by China Automotive Engineering Research Institute and CIRI Automobile Technology Institute — VAMA

No. 192 in the 2025 Top 500 Guangdong Enterprises — Yangchun New Steel

No. 84 in the 2025 Top 100 Guangdong Manufacturing Enterprises — Yangchun New Steel

No. 73 in the 2025 Top 100 Guangdong Innovative Enterprises — Yangchun New Steel

Environment

Taking Ecological Stewardship as a Guiding Principle and Advancing the Mission of Green Metallurgy

Guided by the principle of "ecological priority and green development", Valin Steel has developed an innovative city-enterprise integration model and systematically advanced its low-carbon transformation. By carrying out ultra-low-emission upgrades and energy-efficiency improvements across the entire steelmaking process, continuously enhancing the recycling and efficient use of energy and resources, and accelerating the development of garden-style factories, the Company has remained committed to a sustainable development path that advances economic and ecological benefits in tandem.

Responded to SDGs

Responding to Climate Change

Valin Steel has actively responded to the national strategy for carbon peaking and carbon neutrality and regards addressing climate change as a responsibility it is duty-bound to fulfill. The Company has unswervingly made green and low-carbon development a core strategic priority, formulated its action plan and targets for carbon peaking and carbon neutrality, integrated climate governance into all aspects of its operations, and comprehensively accelerated low-carbon transition. At the same time, we have further strengthened governance structures, strategy implementation, risk management and control, and target achievement in the area of climate change, while continuing to advance technological application, product innovation, and operating model optimization in the green and low-carbon field, striving to become a global pioneer in green steel. In 2025, the Company's Green and Low-Carbon Research Center was officially inaugurated, injecting strong momentum into its green and low-carbon development and the enhancement of its core competitiveness.

Key Performance

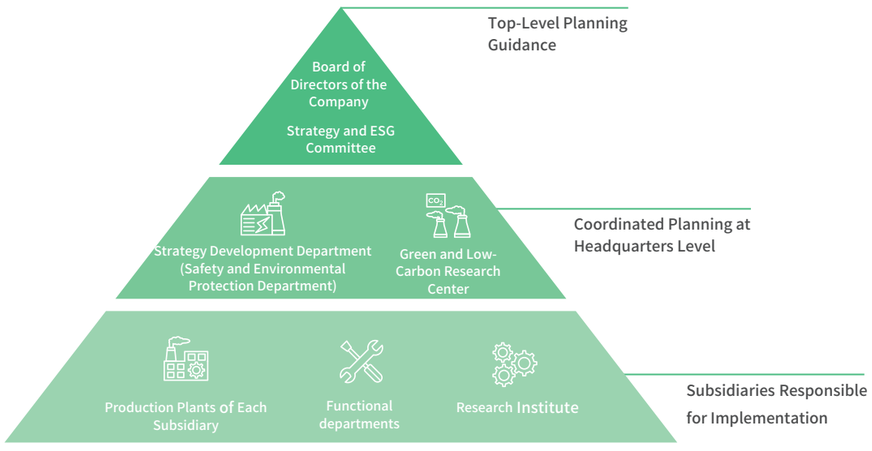
- Xiangtan Steel, LY Steel, and Yangchun New Steel were all included in the cultivation list for the China Iron and Steel Association's "Best Practice Energy Efficiency Benchmark Demonstration Plants" for carbon peaking and carbon neutrality.

Governance

The Company continued to improve its climate change governance by establishing a three-tier management framework,featuring top-level roadmapping, headquarters-led coordination, and subsidiary-level implementation, to ensure full-process and whole-value-chain coverage of its carbon peaking and carbon neutrality efforts.

Optimizing the organizational structure

The Board of Directors serves as the highest decision-making body for climate change matters and is responsible for overseeing and reviewing related work. The Company has established the Strategy and ESG Committee to coordinate the formulation of climate change-related strategic plans, institutional standards, and resource allocation plans. At the headquarters level, the Strategic Development Department (Safety and Environmental Protection Department) is responsible for overall coordination, and the Company has established a Green and Low-Carbon Research Center composed of members of management, relevant persons in charge, and external experts. The Research Center formulated the *Action Plan for Carbon Peaking and Carbon Neutrality*, which clearly sets out the timeline targets for achieving carbon peaking and carbon neutrality and outlines a series of key tasks and measures, providing guidance for coordinated action by the Company's major steel-producing subsidiaries. Each subsidiary actively implements these arrangements and carries out climate change-related work in its respective location.



Valin Steel Climate Change Governance Structure

Strengthening capacity building

The Company places great importance on building systematic capabilities for climate change management, has intensified training on carbon management capabilities, and has established a tiered and categorized training system. At the Company level, special training sessions were organized, with industry experts and policy researchers invited to provide training on topics including new carbon tariff policies, carbon footprint accounting standards, and the frontiers of low-carbon technologies, covering management and key technical personnel from both the Company and its subsidiaries.

Strategy

With the *Action Plan for Carbon Peaking and Carbon Neutrality* as its core guiding document, the Company has anchored its overarching goals of achieving carbon peaking before 2030 and carbon neutrality before 2060. It has continued to refine six major decarbonization pathways—ultimate energy efficiency, process optimization, technological innovation, collaborative emissions reduction, circular utilization, and carbon capture and storage—and promoted differentiated implementation by subsidiaries based on their respective business characteristics.

Annual Strategic Priorities

Pathways	Key Tasks					
I. Ultimate Energy Efficiency	Apply process technologies for energy conservation and carbon reduction	Improve energy processing and conversion efficiency	Adopt high-efficiency power-saving technologies	Adopt intelligent digital control technologies	Optimize raw material resources to support low-carbon development at the source	Adjust the blast furnace burden structure and increase the proportion of pellets / lump ore	Increase the scrap ratio
II. Process Optimization	Upgrade and improve existing equipment	Low-carbon transport inside and outside the plant	Advance the application of green-electricity-based short-process technologies	Extend the industrial chain			
III. Technological Innovation	Apply new low-carbon metallurgical technologies	Develop and produce green products across the full life cycle	Apply CCS / CCUS technologies				
IV. Collaborative Decarbonization	Build, independently or jointly, distributed photovoltaic power generation and hydrogen energy projects	Promote resource recycling and reuse, and synergistic pollution and carbon reduction	Increase purchases of green electricity	Carry out carbon management and carbon sink initiatives			
V. Circular Utilization	Optimize steel recycling	Reuse secondary resources generated in the production process	Recycle scrap steel from society				
VI. Carbon Capture and Storage	Explore technologies and theoretical research relating to CO_2 cyclic enrichment, low-energy-consumption absorbents, different carbon capture technology pathways, CO_2 resource utilization, and large-scale CO_2 transportation and storage						

Identification of risks and opportunities and response strategies

The Company has established a normalized mechanism for identifying, assessing, and responding to climate change-related risks and opportunities. Taking into account industry development trends and the actual operating conditions of its subsidiaries, we systematically identify transition risks, physical risks, and various opportunities, and formulate targeted control and response measures.

Risk Type	Specific Category	Potential Impact	Potential Financial Impact	Response Strategy
Transition Risk	Policy and legal risk	Energy conservation and carbon reduction remain long-term policy objectives firmly advanced across the industry.Carbon emissions policies are becoming more stringent, increasing operating costs. China's carbon market trading mechanism is being improved and allowances are expected to tighten. With the formal implementation of the EU Carbon Border Adjustment Mechanism (CBAM), exported products may face higher carbon costs and compliance pressure.	Revenue ↓ Operating costs ↑ Credit risk ↑	Develop a carbon neutrality roadmap, and invest in key initiatives such as ultimate energy efficiency, process optimization, technological innovation, and collaborative emissions reduction to ensure achievement of the Company's carbon peaking and carbon neutrality goals. Optimize carbon asset management strategies, and advance product carbon footprint accounting and certification to meet CBAM compliance requirements.
	Technology risk	Core technologies such as low-carbon metallurgy and CCUS involve long R&D cycles, substantial investment, and rapid technological iteration. Failure to achieve timely breakthroughs or application may affect the pace of emissions reduction.	Revenue ↓ R&D investment ↑ Market competitiveness ↓	Track and study the application of emerging low-carbon metallurgical technologies, keep abreast of the latest technological developments and applications, deepen collaboration among industry, academia and research institutions, and strengthen related technology reserves.
	Market risk	Demand from downstream industries for green and low-carbon steel products continues to grow. Delays in upgrading products toward greener performance may result in loss of market share. The premium potential of green products is also affected by industry competition.	Revenue ↓ Credit risk ↑	Closely monitor decarbonization needs in key downstream sectors along the automotive and machinery industry chains, and continue to strengthen the market positioning of green steel products. Strengthen branding and communication for green products to enhance customer recognition.
	Reputation risks	Stakeholders are paying increasing attention to corporate climate action. Inadequate response measures or insufficient information disclosure may result in reputational damage.	Revenue ↓ Operating costs ↑ Credit risk ↑	Establish and improve stakeholder communication mechanisms, and respond promptly to stakeholder concerns regarding climate change-related information. Disclose the sustainability report on a regular basis to address stakeholder concerns.
Physical Risk	Short-term (acute)	More frequent extreme rainfall, typhoons, freezing conditions, and other severe weather events may affect the operation of production facilities, raw material transportation, and supply chain stability, potentially causing business interruptions.	Revenue ↓ Operating costs ↑ Fixed asset value ↓	Improve emergency management plans for extreme weather, and carry out emergency drills. Upgrade the protection capabilities of production facilities, and establish emergency supplies reserves. Optimize supply chain deployment, and expand the diversified supplier base.
	Long-term (chronic)	Long-term changes in natural patterns, such as sea level rise and persistent high temperatures and drought, may affect the Company's normal production and operations.	Production constraints ↑ Operating costs ↑	Advance water-saving technological upgrades, and improve the recycling rate of water resources. Assess the impact of long-term climate risks on facility layout, and formulate optimization plans.

Opportunity Type	Potential Impact	Potential Financial Impact	Response Strategy
Resource efficiency	Improving energy efficiency and advancing resource recycling and utilization to conserve energy, reduce carbon emissions, and lower operating costs	Operating costs ↓ Additional income ↑	Advance initiatives for ultimate energy efficiency, and continuously improve the comprehensive utilization of resources.
Energy source	Increasing the use of renewable energy, including the purchase of green electricity, to raise the share of renewables, reduce dependence on fossil fuels, and lower energy costs	Operating costs ↓	Study the development of distributed photovoltaic power generation and biomass energy projects through self-investment or joint development. Increase the proportion of purchased green electricity at appropriate times in line with business development, so as to reduce carbon emissions intensity.
Products and services	As domestic steel demand enters a plateau phase, market demand for green and low-carbon steel products is rising, expanding market space for high-performance, low-carbon products across the full life cycle.	Revenue ↓ Credit risk ↑ Market competitiveness ↑	Closely monitor demand for low-carbon products in key downstream sectors such as automobiles and machinery. Advance product carbon footprint certification and Environmental Product Declaration (EPD) certification. Provide integrated low-carbon steel solutions to strengthen relationships with core customers.
Market	Green supply chain requirements and carbon tariff policies create opportunities to enhance green product premiums and market share.	Revenue ↑ Profit margin ↑	Align with green procurement standards in downstream industries, and seek inclusion in core customers' green supplier lists. Expand overseas markets for green products to mitigate carbon tariff barriers. Participate in the development of green steel trading platforms to seize market opportunities.
Resilience	Enhancing the ability to manage climate risks and capture climate-related opportunities, while strengthening the brand image associated with social responsibility, through climate change-related business research and industry exchange	Revenue ↑ Credit risk ↓	Track and study the application of emerging low-carbon metallurgical technologies, and advance collaboration across the green industrial chain. Deepen exchanges and cooperation with upstream and downstream supply chain enterprises, pursue collaborative emissions reduction, and strengthen the Company's industry influence.

Impact, Risk and Opportunity Management

Closely aligned with its overarching carbon peaking and carbon neutrality goals, the Company has promoted the formation of a carbon management framework among its subsidiaries characterized by coordinated action and synergistic efficiency gains, focusing on key areas such as policy and regulatory compliance, breakthroughs in technological innovation, green product upgrading, and energy structure optimization. Based on their respective business characteristics and stages of development, the Company's subsidiaries have deeply embedded climate change response into the full process of production and operations, R&D and innovation, and supply chain management, laying a practical foundation for effectively managing climate change-related risks and opportunities.

Decarbonization Technology Upgrades

The Company has advanced energy-saving and carbon-reduction technological upgrades and equipment renewal across the entire production process. We have implemented mature projects such as energy efficiency improvement upgrades for high-energy-consuming equipment, blast furnace blast air dehumidification, and oxygen-enriched combustion in reheating furnaces, while further unlocking energy-saving potential in each production process. At the same time, the Company has planned the phased advancement of follow-up technological transformation projects such as waste heat recovery and energy-saving upgrades for pumps and fans, while steadily carrying out R&D on cutting-edge decarbonization technologies including hydrogen-rich blast furnace metallurgy and carbon sequestration using steel slag.

In parallel, the Company has focused on process-level improvements by implementing targeted energy-saving technological upgrades. These include upgrading intelligent combustion control systems to achieve dynamic optimization of heating curves and air-fuel ratios, and retrofitting the oxygen-enriched combustion systems of blast furnace hot stoves to increase blast temperature and reduce coke ratio, effectively lowering energy consumption in production.

Case **LY Steel | Pilot Trial of CO Catalytic Combustion Technology Delivers Dual Breakthroughs in Emissions Reduction and Energy Savings**

In response to the pain points of carbon monoxide emissions from the sintering process in the steel industry and the high energy consumption of SCR denitrification systems, LY Steel conducted a pilot trial of CO catalytic combustion technology on its 360 m^2 sinter machine. Using a dedicated catalyst, the technology enabled efficient and complete oxidation of CO, featured a low ignition temperature and thorough combustion, and directly supplied heat to the SCR denitrification system, replacing conventional direct-fired furnaces. The project achieved deep reductions in CO emissions from the sintering process and lowered the operating cost of the denitrification system through waste heat recovery, providing the steel industry with a replicable low-carbon technical pathway for "treating waste with waste".

Carbon Market Response

The Company rigorously completed all work related to carbon emissions accounting. Each subsidiary prepared its annual carbon emissions accounting report and data quality control plan, completed platform-based reporting, formulated rectification plans for carbon emissions accounting and metering equipment, and improved various ledgers covering procurement, sales and inventory, metering and statistics, and carbon emissions metering equipment, strengthening the data foundation for participation in the carbon market.

In relation to carbon market management, the Company closely monitored policies, regulations and industry allocation plans relating to carbon trading, strictly fulfilled mandatory compliance requirements, and completed the surrender and settlement of carbon emissions allowances in full and on schedule, ensuring compliant operations. The Company also preliminarily established an internal dynamic carbon asset management ledger, conducted simulation analysis of allowance surpluses and shortfalls under different production scenarios, accumulated experience in market trading and proactive management, and enhanced its ability to anticipate and manage risks arising from fluctuations in carbon costs.

Case **Xiangtan Steel | A Multi-Dimensional Response to CBAM Strengthens Defenses Against Green Trade Barriers**

As an enterprise with direct or indirect exports to the European Union, Xiangtan Steel actively established a full-chain response system for the EU Carbon Border Adjustment Mechanism (CBAM). Xiangtan Steel formulated the *Action Plan for Responding to the EU CBAM "Carbon Tariff"*, clearly defining core tasks such as data reporting, carbon footprint accounting, and supplier traceability. Xiangtan Steel reviewed the list of products falling within the scope of CBAM, collected emissions data from upstream and downstream suppliers to establish a preliminary carbon footprint traceability mechanism, and invited an EU-recognized third-party institution to conduct pre-verification of CBAM report data for exported products, so as to ensure full compliance. At the same time, Xiangtan Steel made early arrangements for carbon asset reserves by purchasing 100,000 tonnes of carbon allowances to address future compliance costs. Through standardized data management, Xiangtan Steel also met carbon market verification requirements, effectively mitigating the erosion of product margins caused by carbon tariffs and safeguarding the stability of its market share in the European Union.

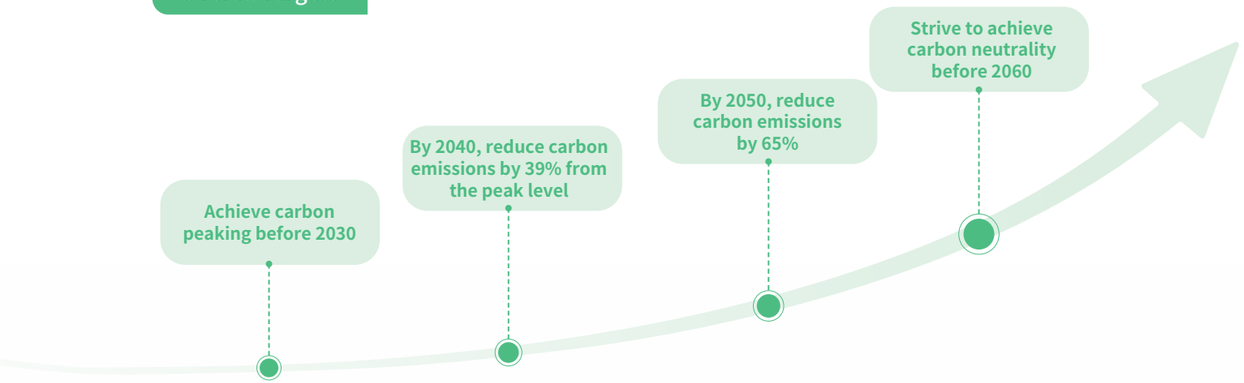
Digital Carbon Management

The Company regards digital development as a core lever for improving energy and carbon management. The Company has preliminarily established a management platform for its carbon verification and reporting system, enabling the collection, accounting and reporting of data from energy consumption through to carbon emissions. Through digital means, the Company has standardized, refined and electronically archived carbon emissions data, laying a data foundation for precise emissions reduction.

Metrics and Targets

The Company has established a clear and quantifiable system of carbon peaking and carbon neutrality metrics and targets to ensure the orderly advancement of its decarbonization pathways.

Overall Targets



Green Product Innovation

Focusing on the core needs of downstream industries for lightweighting and emissions reduction, the Company coordinates its subsidiaries in advancing decarbonization efforts across the full life cycle of products and integrates the concept of carbon reduction into the entire process of product design, production and delivery. Through performance-oriented R&D and the provision of customized solutions, the Company develops green steel products featuring low emissions, high strength and lightweight properties, supported by dedicated services. In doing so, the Company helps downstream customers reduce the carbon footprint of both manufacturing and end-use processes and builds a collaborative decarbonization ecosystem in which "upstream emissions reduction benefits downstream users".

Green Product R&D

In the R&D and upgrading of green product categories, each business segment has made targeted arrangements across a wide range of steel products. The Company developed cold-rolled galvanized sheet with a scrap ratio of more than 55%, achieving the first launch of RC50 chromium-free anti-fingerprint green steel produced via the long-process route. The Company developed high-strength, lightweight seamless steel tube products, reducing steel consumption and energy use in downstream applications through structural and compositional design. The Company also deepened its presence in high-end automotive lightweight steel by optimizing the production processes for galvanized sheet, cold-rolled sheet and other products. The Company further developed low-carbon steel materials with low life-cycle emissions for industries such as shipbuilding, automobiles, construction machinery and wind power. Through the optimization of material composition and the enhancement of product strength, the Company achieved further lightweighting of steel products. In addition, the Company continued to launch low-carbon, high-strength rebar products to meet demand for green construction materials in areas such as infrastructure development.

Case

Xiangtan Steel | High-Performance Hydropower Steel Products Support Low-Carbon Hydropower Development

In April 2025, a 1000 MPa-grade hydropower steel bifurcated pipe model, for which Xiangtan Steel supplied the materials, Zhengzhou Research Institute of Mechanical Engineering Co., Ltd. undertook the design and testing, and Sinohydro Engineering Bureau 8 Co., Ltd. carried out the fabrication and installation, successfully underwent a hydraulic burst test in Yueyang, with the burst pressure reaching 26.7 MPa. According to the expert panel's assessment, the overall performance of the bifurcated pipe reached an internationally advanced level, providing core material support for the construction of hydropower stations with a water head of over 700 meters. The achievement also supported the upgrading of hydropower stations toward higher HD values under the carbon peaking and carbon neutrality strategy, marking an important transition for China in large-scale hydraulic engineering materials — evolving from a follower to a global leader.

Case

HYST | Green Products Support a Major Breakthrough in National Clean Power Generation

On November 28, 2025, the 660 MW high-efficiency ultra-supercritical circulating fluidized bed boiler completed one year of safe operation and passed authoritative appraisal, marking a major breakthrough in China's clean power generation technology. HYST supplied high-pressure boiler tubes for the project on a batch basis, supporting the achievement of ultra-high operating parameters, ultra-low emissions and ultra-low energy consumption.

Green Product Certification

Xiangtan Steel

As a pilot entity under the national product carbon footprint labeling and certification program, the Company completed carbon footprint accounting and labeling certification for seven pilot products, including products produced through the blast furnace-basic oxygen furnace long-process route and the electric furnace short-process route. The Company also obtained China's first recognized certificate carrying a green supplementary mark for the carbon footprint of marine products.


碳足迹评价证书

LY Steel

With emissions reduction at the production end and public disclosure of product carbon emissions data to support downstream supply chain carbon footprint traceability as key green measures, the Company successfully rolled out cold-rolled galvanized sheet with a scrap ratio of more than 55% and achieved the first launch of RC50 chromium-free anti-fingerprint green steel produced via the long-process route.


CERTIFICATE OF ACHIEVEMENT

Hunan Valin Lianyuan Steel and Iron Co., Ltd.

Minimum 20% Recycled Steel Content, a mix of Post-Consumer and Pre-Consumer Recycled Material

HYST

The Company obtained a total of 32 carbon footprint certificates covering the full range of products for pressure vessels and machining tubes, OCTG, and line pipes, issued respectively by the international certification authority Bureau Veritas (BV) and the domestic leading certification body CTI.

VAMA

The Company completed Environmental Product Declaration (EPD) certification and published the relevant information on the international EPD platform. The Company also completed life cycle assessment (LCA) for five core products, further improving its product carbon footprint data system.


Critical Review Statement

Valin ArcelorMittal Automotive Steel Co., Ltd

Yangchun New Steel

Yangchun New Steel's high-strength rebar products complied with green development requirements throughout the full life cycle. Following on-site evaluation and review by MCC Testing Certification Co., Ltd., the products were awarded a Green Product Certification Certificate.


绿色产品认证证书

Strengthening Environmental Protection Management

With a sound environmental management system as its foundation, Valin Steel continued to strengthen environmental risk prevention and control awareness across the workforce. By cascading environmental protection responsibilities at every level, establishing and improving emergency response mechanisms for environmental incidents and digital control platforms, and continuously advancing environmental management toward standardization, normalization and long-term effectiveness, the Company has further reinforced the foundation for its green development.

Optimizing the Environmental Management System

Valin Steel strictly complied with national laws and regulations, including the *Environmental Protection Law and the Measures for Emergency Management of Environmental Incidents*, and comprehensively optimized its environmental management structure. In 2025, the Company organized the revision of the Environmental Protection Management Measures, further strengthened accountability and assessment for various environmental incidents, linked environmental performance to the remuneration of subsidiary management, reinforced awareness of ecological and environmental protection red lines across the workforce, and clarified environmental responsibilities throughout the full chain from decision-making to execution.

Principles of Environmental Responsibility Management of Valin Steel

In 2025, Xiangtan Steel, LY Steel, HYST, VAMA, and Yangchun New Steel all maintained the validity of their ISO 14001 environmental management system certification. The coverage rate of ISO 14001-certified sites reached 100%. All construction projects completed environmental impact assessment approval, and all pollutant discharge permits remained valid, achieving full coverage of licensed, lawful and compliant pollutant discharge.

Key Performance

- Xiangtan Steel, LY Steel, and VAMA successfully achieved **Class A environmental performance**
- Yangchun New Steel was continuously recognized as a Guangdong "Green Card" **Environmental Integrity Enterprise**
- Both environmental compliance and environmental performance ranked among **the industry's leading levels**
- Environmental protection investment amounted to **RMB 2.8 billion**, representing **2.28%** of operating revenue

Managing and Controlling Environmental Risks and Hidden Hazards

The Company established a dual control mechanism combining "internal inspection + external professional support" to identify and manage environmental compliance risks. Internally, the Company established a normalized system for identifying and investigating hidden environmental risks and hazards, enabling timely identification, rectification, and elimination of environmental hazards at production sites through routine inspections and special reviews. Externally, the Company leveraged professional expertise by engaging the South China Institute of Environmental Sciences of the Ministry of Ecology and Environment to provide environmental stewardship services. This enabled comprehensive review and inspection of key areas such as production-site controls and environmental monitoring, systematically improving the level of environmental compliance management.

All subsidiaries formulated emergency response plans for environmental incidents in strict accordance with laws and regulations and completed filing with the competent authorities. During the year, the Company organized 15 training sessions and drills for environmental emergencies covering scenarios such as wastewater leaks, abnormal exhaust gas emissions, and emergency situations involving solid waste disposal. These efforts enhanced the emergency response and coordinated handling capabilities of personnel at all levels and reduced the impact of environmental incidents.

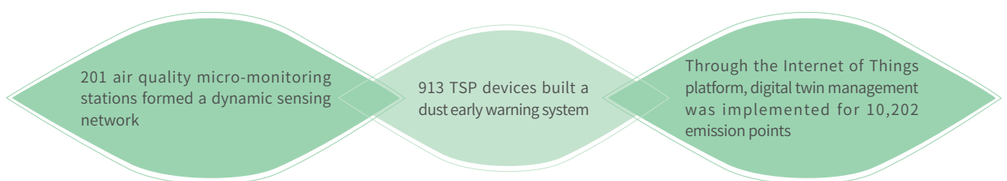
Key Performance

- Number of environmental emergencies: 0

Advancing Smart Environmental Management

The Company is comprehensively advancing the development of a smart environmental management platform and building an integrated management system that combines environmental protection operations, data management, and daily office functions. By empowering environmental management through digital, information-based, and intelligent means, the Company is promoting more science-based integrated decision-making, more refined environmental management, and more precise emissions control, while driving the full online operation of environmental protection functions and innovation in environmental management. This platform has become a key support for the Company's green transformation and development.

At present, Xiangtan Steel, LY Steel, HYST, and Yangchun New Steel have all established and put into operation integrated environmental protection control platforms. These platforms enable real-time monitoring and intelligent control over key environmental management information, including organized and fugitive emission sources, emissions information for vehicles entering and leaving plants, the operating status of environmental protection facilities, and ambient air quality within plant areas, significantly enhancing the level of digital environmental management.



Enhancing Environmental Awareness

The Company attaches great importance to environmental capability building and collaborative social governance. Through systematic environmental training, the Company improves the professional capabilities of all employees, while proactively accepting public oversight to strengthen its environmental governance system on all fronts.

Environmental training

Formulating annual environmental training plans on a regular basis; organizing special low-carbon and environmental protection training in 2025 for management personnel and technical staff at all levels; focusing on requirements under the *Measures for the Administration of Pollutant Discharge Permits* and the *Interim Regulations on the Administration of Carbon Emissions Trading*, as well as professional knowledge relating to solid waste disposal and carbon emissions management; extending training coverage to all employees; and significantly enhancing employees' awareness, risk prevention capability, and professional skills in environmental protection.

Environmental communication

Actively accepting environmental oversight from all sectors of society; organizing plant visits and community outreach activities; maintaining open channels for feedback and communication with community residents; building communication bridges for positive interaction between the enterprise and the public; and fostering a modern environmental governance framework based on collaboration among the enterprise, communities, and society.

Key Performance

- Coverage rate of environment-related employee training: 100%

Advancing Energy Conservation and Emissions Reduction

Guided by its strategy of resolutely advancing comprehensive conservation and green development, Valin Steel has embedded energy conservation and emissions reduction into every aspect of its operations and management. The Company has systematically promoted the efficient use of energy and water resources, the compliant treatment and resource utilization of waste, and the development of a circular economy system covering the entire production process, delivering coordinated improvements in both economic and environmental performance.

Efficient Energy Management

The Company regards efficient energy management as a strategic pillar of green development and has systematically advanced energy efficiency benchmarking, energy recycling and utilization, and clean energy substitution. Supported by smart energy platforms for refined control, the Company has continued to optimize its energy mix and improve energy use efficiency, building a clean, low-carbon, and highly efficient energy system.

The Company has continued to improve its institutional framework for energy management and prepared documents including the *Energy Measurement Management System, Measures for the Management of Key Energy-Using Equipment and Facilities, Management System for Project Energy Conservation Review and Carbon Emissions Evaluation*, and *Energy Management Measures Plan*. At the same time, the Company has continued to strengthen and refine its energy management system. Guided by the *Energy Management System Manual* and the accompanying series of Management Procedures, the Company has promoted the continual improvement of its energy management system. Key operating entities, including Xiangtan Steel, LY Steel, and HYST, have all obtained ISO 50001 (GB/T 23331) energy management system certification, achieving full coverage of major production units.

Each production base has established comprehensive energy management supervision procedures. Through the online monitoring system of the Energy Management Center (EMS), the Company conducts daily monitoring of energy consumption, tracks in real time the energy consumption data of each process and major equipment, and automatically issues alerts for abnormalities. The Energy Management Department analyzes the energy performance of key units each month and prepares monthly energy reports to support regular reviews. Internal audits of the energy management system are conducted annually to examine the conformity and effectiveness of system operation. Management review meetings chaired by management are also held to assess the system's continuing suitability, adequacy, and effectiveness in light of changes in policy, technology, and performance, and to determine directions for improvement. In addition, compliance evaluations are conducted regularly to verify whether the Company's energy activities comply with applicable laws, regulations, and other requirements.

Key Performance

- Total energy consumption: **13,913,196.85** tonnes of standard coal
- Steam consumption: **1,650,105.73** tonnes of standard coal
- Fuel oil consumption: **7,014.81** tonnes
- Diesel consumption: **7,006.23** tonnes
- Gasoline consumption: **8.58** tonnes
- Coal consumption: **11,620,542.70** tonnes
- Natural gas consumption: **255,306,016.93** m^3

Energy Efficiency Benchmarking

With ultimate energy efficiency as a core lever, the Company comprehensively advanced its benchmarking initiative for ultimate energy efficiency, conducted competitions among production lines for ultimate efficiency, and continuously optimized its energy cost control system. Xiangtan Steel and LY Steel were successfully included in the cultivation list for the industry's "Best Practice Energy Efficiency Benchmark Demonstration Plants" for carbon peaking and carbon neutrality. Key production equipment, including the 3,200 m^3 blast furnace and 360 m^2 sinter machine, reached advanced levels in the national benchmarking competition on energy saving and consumption reduction for major large-scale steel production equipment, setting exemplary benchmarks for energy efficiency in the industry.

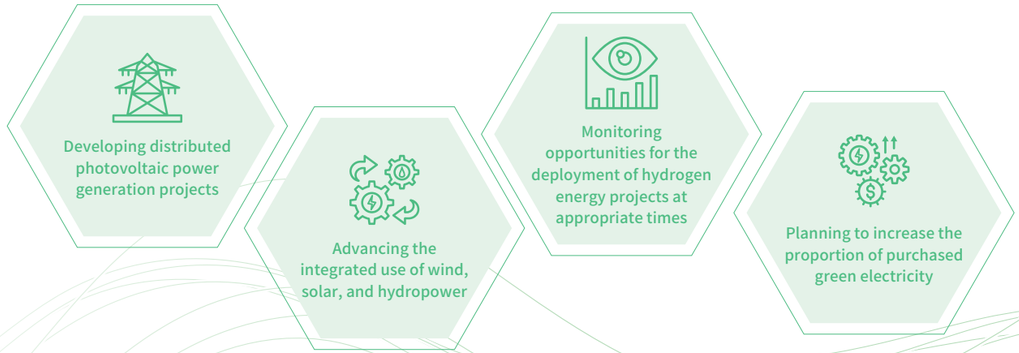
Energy Recycling and Utilization

The Company has further tapped the potential of captive power generation through recycling and has continued to increase investment in and R&D for secondary energy recovery and utilization technologies, maintaining an industry-leading position in areas such as coke dry quenching, sintering waste-heat power generation, and waste-heat power generation from downstream steel processing. Xiangtan Steel and LY Steel phased out part of their medium-temperature and medium-pressure thermal systems and invested in four 150 MW ultra-high-temperature generating units, achieving zero flaring of low-calorific-value blast furnace gas, substantially increasing self-generated electricity, and significantly improving the comprehensive utilization of secondary energy. In parallel, the Company intensively implemented a series of nationally promoted energy-saving and waste heat recovery projects, including coke oven riser waste heat recovery, sinter main flue waste heat recovery, and CO catalytic combustion, further unlocking the potential of energy recycling and utilization.

Clean Energy Substitution

The Company has vigorously promoted the optimization of its energy mix, with the large-scale deployment of photovoltaic projects as a core focus. By making full use of office buildings, plant rooftops, and vacant land within plant areas, the Company has built distributed photovoltaic power stations and comprehensively promoted distributed photovoltaic power generation. In 2025, the Company completed 64 MW of self-owned photovoltaic clean energy generation capacity, with annual power generation reaching 25.52 GWh, further improving its energy self-sufficiency rate.

In addition, the Company adopted high-efficiency electricity-saving technologies, carried out green lighting upgrades across its plants, and promoted solar-powered street lighting, improving energy efficiency while continuously enhancing the lighting environment within plant areas. At the same time, the Company actively expanded clean energy application scenarios, advanced the implementation of hydrogen energy projects, and continuously reduced its dependence on fossil energy.



Key Performance

- Total annual clean energy consumption: 1,822,530 MWh
- Total electricity consumption: 15.2 TWh
- Self-generated electricity: 9,999.77 GWh

Xiangtan Steel

In 2025, the clean energy used by the Company included wind power, solar power, and hydropower, totaling 765.7 GWh, accounting for 37.95% of purchased electricity and 12.77% of total electricity consumption.

LY Steel

At present, the Company uses 1.042 TWh of photovoltaic power and hydropower, representing 48% of the relevant total. Natural gas consumption amounted to 77.97 million m^3, and natural gas energy consumption accounted for 1.6% of total energy consumption.

Case

HYST | Photovoltaic Power Generation Improved Green Power Self-Sufficiency

HYST actively advanced clean energy projects. In 2025, HYST cooperated with China City Investment Group under an energy performance contracting model to develop two photovoltaic power generation projects, with installed capacities of 12.5 MW and 4 MW, respectively. Both projects have now been successfully commissioned. The implementation of these photovoltaic projects effectively improved the Company's self-sufficiency in green electricity. In 2026, the projects are expected to add 16 GWh of self-generated electricity, helping the Company optimize its energy consumption structure and reduce its dependence on fossil energy.

Smart Energy Platform

The Company has made all-out efforts to advance the development of its smart energy management system. The system covers major energy media including water, electricity, air, and gas, and integrates multiple functional modules such as energy monitoring screens, operation management, intelligent decision-making, energy analysis, refined process management, carbon emissions management, and energy-saving technologies. The system effectively breaks down barriers between departments and professional functions. Through horizontal business integration and vertical data connectivity, it enables the integration of energy information across different processes. Supported by refined production organization and energy planning management, the system helps achieve precise energy supply and lean production, effectively reducing the Company's power and energy costs.

Case

LY Steel | Smart Energy Platform Improved Energy Management Efficiency

LY Steel's energy management system was put into operation in 2009 and successfully enabled comprehensive online monitoring and management of the Company's energy production, conversion, and supply. At present, all operating equipment related to energy management has achieved online collection and real-time monitoring of energy consumption data. Over the years, the platform has been continuously improved, with management functions such as energy balancing, energy forecasting, indicator management, and energy efficiency management gradually added. In addition, LY Steel implemented the project of integrating power metering data into the energy network, launched an overall upgrade of its energy system, and advanced the overall planning of intelligent manufacturing, further improving the precision and efficiency of energy management.

Innovative Application of Hydrogen Energy Technology

The Company has actively advanced the R&D and exploratory application of hydrogen energy technology, regarding it as an important pathway for optimizing the energy mix and achieving deep decarbonization. The Company has continuously promoted innovation, research, and practical application in this field to support the upgrade of its energy system toward greener and lower-carbon development.

Case

LY Steel | Industrial Application of Clean Hydrogen Built a Low-Carbon Steel Benchmark

LY Steel made the innovative application of hydrogen energy a key driver of its green transformation. Through cooperation with Runze New Energy, LY Steel implemented a hydrogen-oxygen flame cutting project for continuous casting, replacing traditional fuel gas with a greener production process. Together withSany Hydrogen Energy, LY Steel also built a 250 Nm^3/h alkaline water electrolysis hydrogen production demonstration project for its cold-rolled high-end home appliance sheet project, driving a process breakthrough in "replacing carbon with hydrogen", and building an independent green hydrogen supply chain. Both practices were selected as part of the first batch of industrial low-carbon hydrogen application scenarios in Hunan Province, providing the steel industry with a replicable and scalable green application pathway integrating "hydrogen production + hydrogen utilization".

Refined Water Resource Management

The Company strictly implemented the *Water Law of the People's Republic of China* and, guided by the *Industrial Water Management Measures*, established a water resource management system featuring source control, process control, and recycling and reuse. The management team of the Company is responsible for setting objectives and responsibilities for water resource protection and utilization. The Energy Department is responsible for supervising the implementation of such objectives, while each subsidiary implements management responsibilities at different levels, continuously improves water use efficiency, and keeps total freshwater withdrawal stable with a downward trend.

Key Performance

- Xiangtan Steel was recognized as an Advanced Collective of the 2025 **China Water Saving Awards by the Ministry of Water Resources**
- Xiangtan Steel, LY Steel, and HYST all continued to retain the title of "**Water-Saving Enterprise**" in Hunan Province

Water Withdrawal Management

The Company established a scientific management and control system for water withdrawal and strengthened water withdrawal management during special periods. In response to difficulties in water withdrawal during dry seasons, the Company formulated dedicated water withdrawal plans, reduced freshwater intake through comprehensive internal water management and recycling, and ensured that neither the quality nor the quantity of river water was adversely affected. In addition, the Company systematically identified short-, medium-, and long-term risks and opportunities in water resource management, formulated targeted response strategies, safeguarded the stability of water withdrawal through measures such as water source expansion and technology deployment, and promoted the transformation of water resource management toward a value-centered approach.

Water Conservation Management

The Company improved the efficiency of wastewater reuse. In 2025, we invested more than RMB 40 million in key-area projects for separating rainwater and sewage, enabling the annual recovery and reuse of more than 20,000 m^3 of rainwater. The Company also treated reclaimed water reuse as a core alternative water source by establishing dedicated treatment facilities to enable full treatment and large-scale reuse of industrial wastewater, substantially increasing the recycling rate of water resources.

The Company further promoted the conversion of once-through process water systems into recirculating systems, applied high-density tank wastewater treatment technology, and addressed leakage, seepage, dripping, or overflow issues. Online monitoring equipment was added at key nodes and connected to the platform to enable real-time monitoring of wastewater discharge and abnormality alerts, enhancing water conservation management and control through digital solutions.

Key Performance

- Total water consumption: **4,383.69** million m^3
- Water recycling rate: **97.91%**

Case VAMA | Combining Internal and External Measures to Achieve New Breakthroughs in Water Conservation

VAMA formulated and implemented rules and regulations such as the *Water Resources Management Plan and the Measures for Water Conservation Management*, improved the recycling efficiency of water resources, and achieved water savings.

- Promoting source-side water conservation through technological upgrading. VAMA invested in and optimized the make-up supply of demineralized water for the clean circulating water system, increasing the concentration ratio from 3.0 to 4.0 and reducing the annual make-up volume of freshwater for the clean circulating water system by 172,800 m^3.
- Advancing condensate recovery and reuse. VAMA transformed the steam condensate generated in the pickle line tandem cold mill, galvanizing, and continuous annealing workshops from direct discharge to recovery and reuse. In the pickle line tandem cold mill, the condensate was used for emulsion preparation, while in the galvanizing and continuous annealing workshops it was used in the degreasing section, thereby reducing the make-up demand for demineralized water. In 2025, VAMA recovered and reused 10,000 m^3 of steam condensate, reducing freshwater make-up by 13,000 m^3.

Case HYST | Multi-Dimensional Technical Upgrades Enabled Efficient Water Resource Management

HYST completed the renovation of multiple above-ground pipeline sections, including the main inlet water pipe for the southern pressurized system and the main water pipe at the ironmaking plant, with a cumulative upgraded length of more than 2,300 meters, reducing pipeline leakage. HYST also optimized its wastewater reuse system by overhauling key equipment and adding overflow alarms, which improved the production capacity of reused water. In addition, liquid-level alarms were installed for water storage tanks, and operators were trained in refined control practices. Following the implementation of these measures, monthly water savings reached nearly 4,000 tonnes, freshwater consumption in ironmaking decreased by 20,000 tonnes year on year, and after October water loss stabilized at around 5.5%, demonstrating significant water-saving results.

Connection works for the renovation of the main inlet water pipe for the southern pressurized system

Renovation of the fire water system for the main water pipe supplying the ironmaking plant

Delivering Targeted and Effective Pollution Prevention and Control

In the course of production and operations, Valin Steel strictly complied with national laws and regulations, regional emissions policies, and industry standards, including the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on the Prevention and Control of Noise Pollution, and the Law of the People's Republic of China on Prevention and Control of Soil Pollution*. The Company also formulated a series of internal policies, including procedures for wastewater pollution prevention and control and air pollution prevention and control, and has progressively established a pollution prevention and control system covering the entire process.

The Company carried out self-monitoring of the environment in strict accordance with high standards. Its subsidiaries prepared and implemented monitoring plans and engaged qualified institutions to conduct monitoring of exhaust gas, wastewater, and boundary noise to ensure that pollutant emissions met applicable standards. At the same time, in accordance with the *Measures for Self-Monitoring and Information Disclosure by State Key Monitored Enterprises*, the Company disclosed monitoring data and maintained communication with environmental protection authorities to ensure that data remained stable and compliant.

Ultra-Low Emissions Retrofit

In response to the national campaign for air pollution prevention and control, the Company invested a cumulative total of nearly RMB 15 billion over six consecutive years to comprehensively advance ultra-low emissions retrofits across key production processes. In 2025, the Company successfully completed the construction of more than 80 retrofit projects. Benchmarking against the standards applicable to enterprises with Class A environmental performance, the Company completed flue gas desulfurization and denitrification, upgraded and built dust removal systems, and carried out enclosed retrofits of raw material yards, stockyards, and conveyor corridors.

Following these retrofits, atmospheric pollutant emissions were substantially reduced, the ultra-low emissions targets were fully achieved, and pollution control results were significant.

Key Performance

- All four of the Company's steel production bases—Yangchun New Steel, Xiangtan Steel, LY Steel, and HYST—**achieved full-process ultra-low emissions and were publicly announced by the China Iron and Steel Association**

Sintering Process

- Focus on three core measures, namely upgrading sinter machine bodies for energy efficiency and environmental performance, advancing flue gas desulfurization and denitrification, and strengthening control of fugitive emissions from materials; complete full-process retrofits of sinter machines; implement dedicated sintering flue gas desulfurization and denitrification projects; construct enclosed facilities for integrated sinter raw material yards; and ensure organized emissions consistently meet ultra-low emission standards while achieving full control of fugitive emissions.

Case LY Steel | Advancing Ultra-Low Emissions Through Environmental Upgrading of Sinter Machines

Since 2023, LY Steel has invested a cumulative total of more than RMB 5 billion in a three-year action plan for ultra-low emissions retrofits. In May 2025, with the commissioning for trial operation of the energy-saving and environmental upgrading projects for the 130 m^2 and 180 m^2 sinter machines, LY Steel's ultra-low emissions retrofit program reached a milestone, marking the completion of a series of organized emissions control projects represented by the environmental upgrading of its large sinter machines.

The sinter machine retrofit project enabled all organized and fugitive emissions to meet ultra-low emissions standards on a stable basis. Compared with the older sinter facilities, the new sinter facilities are expected to reduce annual emissions of particulate matter, sulfur dioxide, and nitrogen oxides by more than 2,000 tonnes, representing a reduction of more than 75%, and making an important contribution to regional air quality improvement.

Panoramic view of the 416 m^2 sinter machine

Flue gas desulfurization and denitrification retrofit of the 360 m^2 sinter machine

Ironmaking and Steelmaking Processes

- Combine source reduction with end-of-pipe treatment; implementing targeted desulfurization of blast furnace hot stoves and deep desulfurization of blast furnace gas; optimizing the mix of raw materials and fuels to reduce sulfur content; reducing the generation of nitrogen oxides and sulfur compounds at source; achieving full control of atmospheric pollutant emissions from ironmaking processes.
- Upgrade dust removal systems; implementing dedicated dust removal projects for steelmaking refining; fully upgrading existing dust removal facilities across metallurgical systems.

Case Yangchun New Steel | Entering a New Stage of Ultra-Low Emissions in Metallurgical Processes Through "Source Control + Process Upgrading"

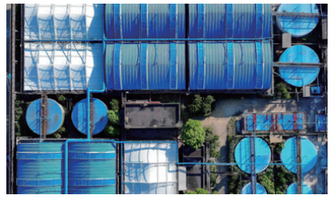
Yangchun New Steel has continued to deepen retrofits in its metallurgical processes and, since 2018, has invested a cumulative total of more than RMB 1.5 billion in related projects. The Company focused on optimizing the mix of raw materials and fuels and substantially reducing their sulfur content, while carrying out low-nitrogen combustion retrofits for blast furnace hot stoves to reduce pollutant generation at source. At the same time, the Company built efficient end-of-pipe treatment facilities, enabling both organized and fugitive emissions from its metallurgical processes to meet ultra-low emissions standards.

Coking Process

- Carry out dedicated treatment of tail gas from phenol- and cyanide-containing wastewater; construct tail gas collection projects; improve tail gas collection pipeline networks and treatment facilities; achieve comprehensive collection and centralized treatment of tail gas generated during coking; and eliminate fugitive tail gas emissions at source.

Case Xiangtan Steel | Tail Gas Collection Retrofit for Phenol- and Cyanide-Containing Wastewater Contributed to Continued Improvement in Ambient Air Quality

Xiangtan Steel invested nearly RMB 6 billion in ultra-low emissions retrofits. All 139 air pollution prevention and control projects involving both organized and fugitive emissions were put into operation on schedule, and in November 2025 Xiangtan Steel successfully completed the public announcement process for full-process ultra-low emissions. As part of its ultra-low emissions retrofit program, Xiangtan Steel implemented a tail gas collection project for phenol- and cyanide-containing wastewater in the coking process, completing the installation of tail gas collection pipeline networks and treatment facilities for the entire coking process. This enabled compliant collection and treatment of the relevant tail gas, resolved the issue of fugitive tail gas emissions in the coking process, and further improved ambient air quality in the surrounding steelmaking area.



Tail gas collection project for phenol- and cyanide-containing wastewater

Raw Material Storage and Transportation

- Implement fully enclosed retrofits for raw material yards and stockyards; construct fully enclosed conveyor corridors; advance enclosed retrofits for material transportation processes; implement dedicated dust suppression and dust reduction projects; and achieve full-chain control of fugitive dust emissions.

Case HYST | Ultra-Low Emissions Retrofit Supported "Enterprise-City Integration and Green Development"

On December 18, 2025, HYST's full-process ultra-low emissions retrofit successfully passed review and acceptance and was publicly announced on the website of the China Iron and Steel Association, marking that HYST had achieved ultra-low emissions requirements across all processes and operating procedures. HYST invested a cumulative total of RMB 1.3 billion in a series of ultra-low emissions retrofit projects, including enclosed retrofits for material storage and transportation. As a result, pollutant emissions were reduced by nearly 70%, greatly improving the environment both within and around the plant.

Key Performance

- Sulfur dioxide (SO_2) emissions: **3,769** tonnes
- Particulate matter (PM) emissions: **9,545** tonnes
- Nitrogen oxides (NO_x) emissions: **9,111** tonnes

Wastewater Pollution Prevention and Control

The Company has established a full-process and refined control system for wastewater management, spanning source control at the production end, technological upgrading at the treatment end, real-time supervision at the monitoring end, and cascading recycling at the utilization end, enabling both efficient wastewater treatment and resource utilization. In 2025, the Company's total wastewater pollutant discharges fully complied with all applicable total discharge control requirements.

In the production process, the Company used dedicated pipelines to separately convey and treat wastewater from processes such as sintering, coking, cold rolling, and steel slag treatment, preventing cross-contamination at source. For specific wastewater streams such as phenol- and cyanide-containing coking wastewater, the Company adopted the A_2O_2 biochemical process combined with ozone-based advanced treatment. We also established integrated wastewater treatment systems and cold-rolling wastewater treatment systems. Through a process route of physicochemical coagulation-sedimentation combined with sand filtration, the Company ensured that all categories of discharged wastewater met applicable standards.

Key Performance

- Wastewater discharge volume: **26,732,136** tonnes
- Chemical oxygen demand (COD) emissions: **282.65** tonnes
- Ammonia nitrogen (NH_3-N) emissions: **14.50** tonnes

Closed-Loop Waste Management

Adhering to the principles of reduction, harmlessness, and resource utilization, the Company strictly complied with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and implemented controls in accordance with the *Standard for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes* and the *Standard for Pollution Control on Hazardous Waste Storage*, ensuring that all solid waste was utilized and disposed of in a safe and compliant manner.

Key Performance

- Hazardous waste disposal volume **165,494** tonnes
- Solid waste utilization volume **13,123,827** tonnes

The Company has established a scientific and well-developed solid waste management system. On the one hand, it has strengthened full-process control over solid waste disposal; on the other hand, it has vigorously advanced resource recycling models. Through process optimization and technological upgrading, the Company has improved the efficiency of solid waste recovery and utilization and promoted the conversion of industrial solid waste into recyclable resources.

For hazardous waste, the Company formulated the *Hazardous Waste Management Plan*, completed filing with local environmental protection authorities in a timely manner in strict accordance with national environmental requirements, and prepared emergency response plans for hazardous waste while regularly organizing drills to strengthen its capability to handle emergency situations involving hazardous waste. The Company has established compliant hazardous waste storage sites and achieved classified storage and standardized management of hazardous waste. Hazardous waste generated during production, such as waste oil and spent lead-acid batteries, is entirely entrusted to qualified professional entities for compliant recovery, utilization, or disposal, ensuring full life-cycle control of hazardous waste with no blind spots.

Clean Transportation Upgrades

Valin Steel advanced its clean transportation upgrade through a multi-pronged strategy. This included optimizing logistics routes, increasing the share of waterway transportation, and phasing out outdated vehicles and non-road mobile machinery that failed to meet ultra-low emission standards. Concurrently, the company renewed its fleet with new energy and China VI-compliant vehicles, established access control and monitoring systems, and worked towards building a clean transportation logistics network.

Xiangtan Steel

- Accelerate the replacement of in-plant transport vehicles with new energy vehicles, phase out non-road mobile machinery below China III standards, and maintain the share of clean transportation at above 80%

HYST

- Fully enclose material storage and handling areas, and upgrade associated transport
- Conduct clean-transport training via third-party specialists

LY Steel

- Procure a cumulative total of 121 new energy and China VI-compliant vehicles, and raise the share of clean transportation by rail and new energy vehicles to nearly 90%
- Advance in-plant clean transportation upgrades, and use suction and discharge vehicles for the transport of all types of dust

Yangchun New Steel

- Increase the share of rail transport in inbound raw material deliveries and outbound finished product shipments, while replacing in-plant vehicles and non-road mobile machinery with new energy models or equipment meeting more stringent emissions standards
- Integrate weighing and inspection systems, video surveillance, and access control systems to enable end-to-end monitoring of vehicles entering and leaving the plant

Circular Economy Practices

Valin Steel has deeply embedded the concept of circular economy development into its operations, integrating efficient resource utilization and the conversion of waste into reusable resources throughout the entire production process. The Company has actively promoted the R&D and application of new technologies for the comprehensive utilization of solid waste, established a development model featuring internal closed-loop resource recycling and coordinated circulation across the external industrial chain, and advanced the cascading utilization of waste gas, waste heat, and other resources generated at various stages of production. In doing so, the Company has built a circular economy chain of "resources-products-waste-recycled resources", maximized resource efficiency, and supported the green and low-carbon transformation of the steel industry.

Xiangtan Steel

- Establish a recycling resources company to centralize scrap steel operations and strengthen in-house processing and handling of internally generated scrap
- Commission the roller-press hot-stifling project, and continue advancing the recycling project for desulfurization waste liquor

LY Steel

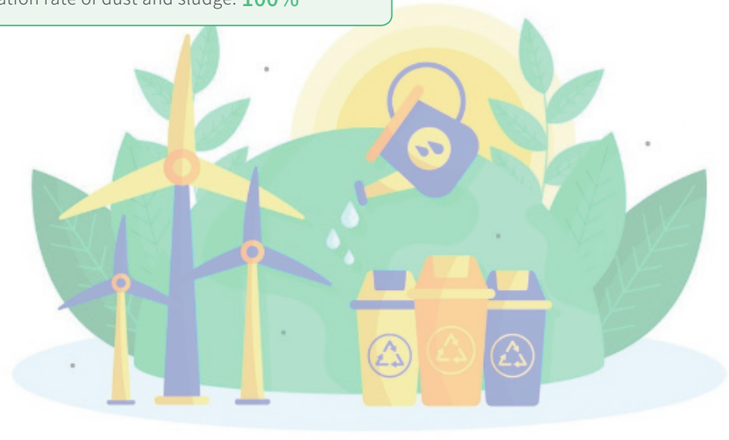
- Invest RMB 130 million in the environmental upgrade project for converter steel slag, raise annual treatment capacity to 2 million tonnes, and expand utilization channels through downstream processing of slag powder

Yangchun New Steel

- Introduce advanced treatment technologies, expand the recovery and utilization of waste gas, channel surplus blast furnace gas into power generation, and improve the combined utilization of waste gas and waste heat through newly installed gas engines

Key Performance

- Comprehensive utilization rate of solid waste: above **98%**
- Comprehensive utilization rate of steel slag: **100%**
- Comprehensive utilization rate of dust and sludge: **100%**



Green and Eco-Friendly Operations

Valin Steel has unswervingly advanced ecological civilization development, protected the ecological environment and biodiversity in an all-round manner, and promoted the deep integration of modern eco-steel cities with urban development. Xiangtan Steel, VAMA, and Yangchun New Steel were selected as national Green Factories, while LY Steel and HYST were selected as provincial Green Factories in Hunan Province. Yangchun New Steel was also awarded the title of National Environmentally Friendly Enterprise.

Improving the Plant Environment

With the goal of "enterprise-city integration", the Company continued to increase investment in improving the plant environment and promoted the transformation of steelworks toward a greener and more livable environment through measures such as road hardening, plant building beautification, and lighting upgrades.

Key Performance

- The Company implemented nearly **70** greening, beautification, and lighting enhancement projects, added approximately **100,000** m^2 of green area, and raised plant-wide green coverage to over **40%.**
- Xiangtan Steel continued to retain its designation as **a National AAA Tourist Attraction**, further advancing the deep integration of a modern eco-steel city with urban development.

Xiangtan Steel tree-planting volunteer activity on Arbor Day

Yangchun New Steel plant environment improvement campaign

Exploring a green path toward high-quality and sustainable development for steel plants

Ecological Environment and Biodiversity Protection

Before project construction, the Company strictly assessed potential impacts on the ecological environment and avoided ecologically fragile areas. During project operation, the Company continuously carried out monitoring of the surrounding ecological environment to ensure that production activities did not damage the regional ecology, while steadily improving regional environmental quality and laying a solid foundation for ecological protection.

The Company prepared science communication materials such as the World Environment Day – Biodiversity Knowledge Bulletin and organized employees to participate in biodiversity protection training and practical activities. In plant greening projects, the Company gave priority to native and locally adapted plant species and built diversified plant communities to provide habitats for birds, insects, and other living organisms.

Xiangtan Steel

- Carry out discharge control and water quality monitoring along the Xiangjiang River (Xiangtan section) within the plant area to ensure compliance with government regulatory requirements
- Leverage activities such as World Environment Day on June 5 to promote knowledge of wildlife protection and raise public awareness

LY Steel

- Strictly protect the ecological environment of the upstream drinking water source protection area of the Lianshui River within the plant area, rigorously implement environmental impact assessment requirements for construction projects, and strengthen environmental control over the riverfront section involved in the LY Steel high-end home appliance sheet project
- Implement greening works for steel slag hills, carry out ecological restoration of exposed slopes, and restore a cumulative area of approximately 10,000 m^2

VAMA

- Advance plant-wide greening upgrades, raise green coverage to over 90%, and create a favorable habitat attracting as many as 56 species of birds and reptiles, including hares, pheasants, and weasels
- Carry out emergency feeding measures during winter when wild animals face difficulty foraging, and place corn and other food at designated locations in areas frequently visited by wildlife

Egrets were seen visiting the HYST plant

Social

Putting Strivers First Empowering the Co-Creation of Social Value

Valin Steel has always adhered to the value orientation of "putting strivers first". Anchored in work safety and committed to excellence in quality, the Company has built an ecosystem that supports employee growth, earns customer trust, promotes industrial collaboration, and delivers win-win outcomes across the supply chain. As a state-owned enterprise, the Company has also actively contributed to rural revitalization and community development, working with stakeholders to create integrated value and share the benefits of development through collective effort.

Responded to SDGs

Strengthening Quality Management

Valin Steel strictly complied with laws and regulations including the *Product Quality Law of the People's Republic of China* and the *Standardization Law of the People's Republic of China*, and established a sound quality management system and process control documentation. The Company continued to strengthen quality control over raw and auxiliary materials and promoted full coverage of internal control standards. At the same time, the Company vigorously advanced intelligent quality control, established a quality data monitoring platform, deepened the digitalization of quality management, and built a market-driven smart industrial internet platform covering lean production and continuous quality improvement across the full process, supporting quality enhancement and transformation-driven development.

Quality System

The Company firmly believes that quality is the lifeline of the enterprise. By continuously improving product quality and expanding the scope of certifications, the Company has established a quality management system covering the entire steel production process, ensuring that product quality continues to meet industry standards and customer expectations. The Company has obtained a number of authoritative certifications, including ISO 9001 Quality Management System Certification and IATF 16949 Automotive Quality Management System Certification. The coverage and certification levels of the Company's quality management systems are fully aligned with internationally advanced standards, laying a solid foundation for further expansion in domestic and overseas markets.

Major system and qualification certifications obtained by the Company

- ISO 9001 Quality Management System Certification
- ISO 10012 Measurement Management System Certification
- Certifications from ten major international classification societies
- IATF 16949 Automotive Quality Management System Certification
- GJB 9001C Quality Management System Certification
- JIS Quality Management System Certification
- EU CE Certification
- DNV, SCS, JIS, AD2000, COC, API 5CT, API 5L, API 5DP, and other certifications

The Company has established a customer-oriented quality management system and deeply embedded the concept of "zero defects" throughout full-process management. By implementing zero-defect projects, "open competition for selecting the best candidates" projects, and quality improvement projects, the Company has systematically promoted the upgrading of product quality. Guided by the principles of prioritizing the quality of steel grades and optimizing alignment with customer standards, and with quality performance as the key orientation, the Company implemented performance mechanisms such as top executive accountability for quality and economic responsibility systems, ensuring the efficient operation of the quality management system.

Xiangtan Steel	LY Steel	HYST	VAMA	Yangchun New Steel
Xiangtan Steel obtained PED certification for 39 ASTM-grade clad steel plates, including the SA516 and S355 series, securing qualification for exports to the European Union.	LY Steel's galvanized products obtained internationally recognized SCS Recycled Content Certification ("Kite Mark"), and achieved a 50% scrap content ratio in converter-process galvanized products, the first such achievement in China.	HYST obtained QatarEnergy supplier qualification for structural tubes and line pipes, and passed TotalEnergies certificate extension review and premium connection audit.	VAMA advanced carbon verification and published Environmental Product Declarations (EPDs) on the international EPD platform, fully supporting domestic automakers' green steel initiatives.	Yangchun New Steel completed China Customs AEO Advanced Certification, accelerated Cares, Ecars, and EPD certification, and initiated product export activities.

Key Performance

- During the reporting period, supported by the full-process quality control system, all of the Company's products strictly complied with applicable health and safety standards and industry certification requirements. The percentage of products withdrawn or recalled for health and safety reasons was **0%**.
- The Company received **22** awards for the physical quality of metallurgical products, including two products—cold-rolled hot-forming steel sheet and strip, and weather-resistant structural steel for bridges—that were designated as "**Golden Cup Premium Products**".

Quality Improvement

The Company has established a full-chain quality management network covering raw material procurement, production and manufacturing, and customer service, enabling continuous quality improvement. The Company and its subsidiaries have established a comprehensive set of quality inspection and control systems across the steel industry chain. These systems, which include the *Measures for the Quality Management of Bulk Raw Materials*, the *Measures for the Management of Purchased Scrap Steel*, the *Procedures for Product Testing and Release*, and the *Measures for Process Monitoring Management*, ensure that all quality activities are governed by clear rules and procedures.

Through diversified approaches such as project-based problem solving, dedicated quality optimization initiatives, quality culture training, and quality case sharing, the subsidiaries not only improved product quality but also fostered quality awareness among all employees, comprehensively reinforcing the Company's quality management capabilities.

Case VAMA | Full-Process Quality Risk Management

"Four-Zero" Management Goals

Based on its assessment of industry trends and internal capabilities, the production bases under VAMA have established the "Four-Zero" management goals. These goals are centered on achieving zero product defects, zero equipment failures, zero inventory in delivery, and zero safety incidents. A scientific control and improvement mechanism has also been put in place to support these objectives.

zero product defects | zero equipment failures | zero inventory in delivery | zero safety incidents

"Three Major Improvement Mechanisms"

Cross-Industry--Chain Collaborative Innovation

We have established industry-university-research partnershipswith leading automakers, universities, and institutes to jointly address challenges like enhancing the formability of high-strength steel sheets. This integrated R&D model, covering the "material-part-vehicle"chain, ensures our quality enhancements are continuously synchronized withend-market needs.

Nurturing Talent and a Quality Culture

We launched the"VAMA Certified Internal Trainer" program to develop cross-functional talentproficient in both steelmaking processes and business operations. Simultaneously, through initiatives like the"Improvement Star Award" and company-wide continuous improvement campaigns, we have ingrained a zero-defect mindset in every employee.

Data-Driven Knowledge Management

We have systematically consolidatedproduction data, optimization cases, and failure analysesto build the corporate "Lessons Learned Repository". This is not merely a database, but an expert system capable of providing intelligent solution recommendations for new projects and new issues, enabling valuable experience to be preserved and reused.

VAMA, the joint venture, has been recognized as a benchmark within ArcelorMittal's global operations and was honored with the group's 2025 Operational Excellence Award

Case **LY Steel | Digital and Intelligent Technologies Empowered Quality Improvement**

LY Steel established a full-process quality control platform to enable a complete functional chain covering the collection of product quality and process parameters across the entire process from steelmaking to rolling, pre-event prediction, in-process monitoring and judgment, and post-event traceability and analysis.

Quality Intelligence Control Center (Phase I) project was completed.

A cumulative total of 22,530 data collection points, 45 production line monitoring screens, and 107 key process parameters were established, enabling the production, quality aggregation, and categorization of 147 data tables across the Level 2 system, downstream steel manufacturing management system, integrated business platform, and the full production process.

LY Steel further improved quality data traceability and data analysis reports covering desulfurization, converter operations, argon station operations, refining, continuous casting, hot rolling, and cold rolling. Customized reporting functions were also enabled, allowing process data to be selected based on specific data requirements for the preparation of analytical reports.

Quality Training

To standardize operating procedures and strengthen employees' quality awareness, the Company formulated annual quality training plans and tasks, and carried out quality system training for key quality-related positions and personnel. By inviting external experts to deliver training, conducting benchmarking studies, participating in professional academic exchanges, and organizing quality knowledge competitions, the Company comprehensively enhanced quality management awareness across the workforce.

Reinforcing Safety Responsibilities

Valin Steel regards employee safety and work safety as top priorities. The Company has strengthened the implementation of safety responsibilities, continuously improved its safety control system, enhanced its safety supervision and emergency management capabilities, and advanced safety education, training, and safety culture development, further consolidating the foundation for safe development.

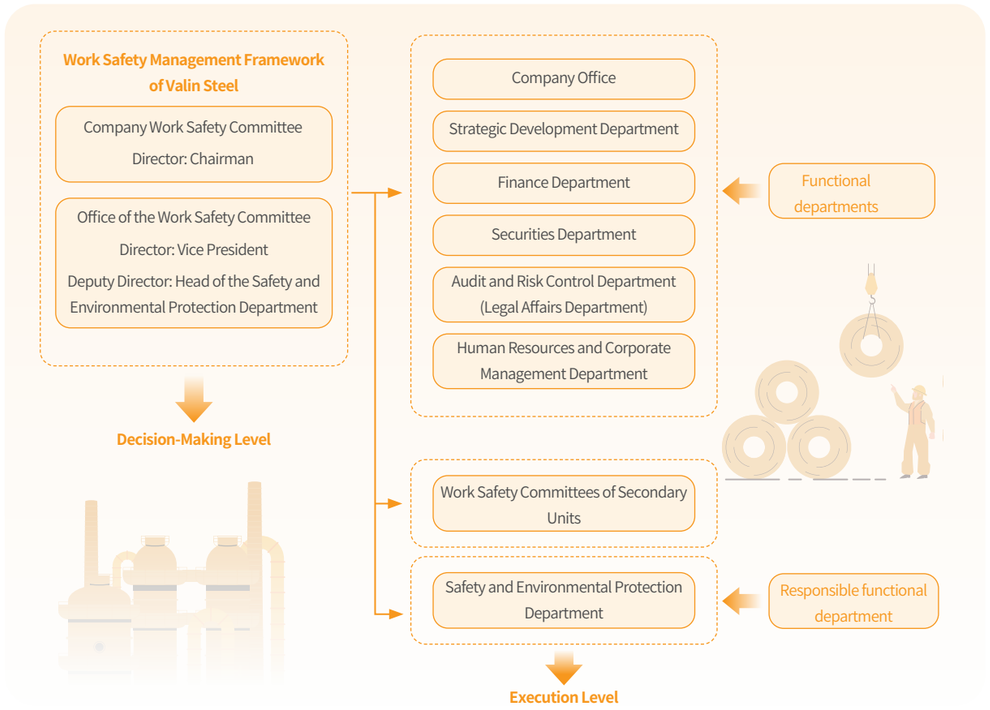
Strengthening Safety Management

Valin Steel strictly complied with laws and regulations including the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and the *Hunan Province Work Safety Regulations*. Adhering to the management principles of "leadership engagement, line accountability, and full employee participation", the Company effectively fulfilled its primary responsibility for work safety.

Safety Management Structure

The Company established a Work Safety Management Committee under the direct leadership of the Chairman, with participation from relevant functional departments and subsidiaries, forming a work safety management structure featuring vertical integration and horizontal coordination. The Company signed *Work Safety Target Responsibility Statements* with each subsidiary and implemented monthly assessments to effectively enforce the work safety responsibility system.

The Company established and improved the evaluation mechanism for work safety responsibilities, advanced the Work Safety Management Committee's paired-point working mechanism, and strengthened supervision, guidance, and support for work safety and occupational health at secondary-level units. At the same time, the Company implemented grid-based safety management to ensure that safety responsibilities were assigned down to the smallest operational unit.



Safety Management Measures

Adopt a comprehensive protection strategy combining "human defense, technical defense, and management defense"

Enhancing intrinsic safety

The Company fully allocated and utilized work safety expenses, continued to invest in automation and intelligent equipment upgrades, and enclosed operating areas to reduce risks at source. The Company also comprehensively implemented 5S management at production sites, standardized material storage and safety signage, and fostered a safe and orderly working environment.

Strengthening Precise Risk Control

The Company deepened the identification and remediation of hidden hazards, implemented a reward mechanism for hazard reporting, and encouraged participation from all employees in hazard identification efforts. The Company also strengthened hierarchical risk classification and control, conducted dynamic identification of operational risks, and refined the four-level risk control checklist, advancing precision in risk management. Daily inspections and monthly specialized remediation efforts were implemented for critical areas and during specific periods.

Advancing intelligent supervision

The Company accelerated the development of its smart safety management system and adopted a model combining online and offline oversight. Through daily inspections by safety coordinators, special inspections, and video spot checks, the Company established a closed-loop management mechanism covering inspection, recording, rectification, and review, ensuring a 100% rectification rate for identified hazards.

Key Performance

- During the reporting period, the Company continued to maintain a strong focus on work safety, with particular emphasis on hazard identification and remediation in areas such as construction projects, hazardous chemicals, and fire safety, and overall work safety remained stable.
- Work safety investment during the year: **RMB 232.42** million; Work safety investment as a percentage of operating revenue: **0.19%**
- Number of work-related fatalities: **1**, Work-related fatalities per RMB billion of revenue: **0.00008**
- Number of major and above accidents: **0**; Fatality rate from major and above accidents: **0%**

Emergency Management and Safety Training

The Company continued to improve its emergency response management system and capability-building system. We formulated the *Emergency Response Plan for Production Safety Accidents* and completed filing with the provincial emergency management authority, clearly specifying key elements such as emergency response organizations and responsibilities, response procedures, and emergency response processes. To enhance its capability to respond to accidents, the Company organized emergency drills and training every year covering a range of potential accident scenarios, including confined spaces, gas-related incidents, and heatstroke.

To strengthen employees' safety awareness and improve their safety knowledge, the Company formulated an annual safety training plan to ensure that all units fully implemented the "five in place" requirements with respect to safety investment, safety training, safety management, emergency rescue, and assessment. The Company also focused on building a long-term mechanism for work safety and continued to carry out warning education based on safety accidents, with the aim of reducing and preventing major safety accidents.

Enhancing Safety Awareness

Focusing on the three main lines of lawful and compliant operations, capability enhancement, and responsibility implementation, the Company systematically carried out categorized, specialized, and tiered safety education and training. Through systematic and targeted training, the Company continuously improved the safety competence of all employees.

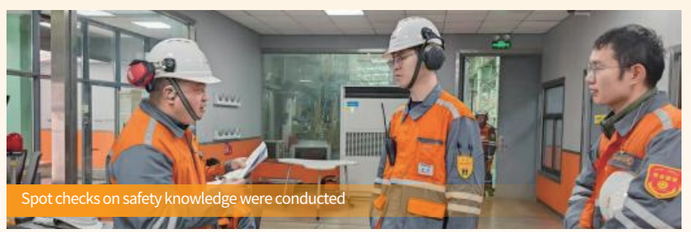
Key Performance

- Participation in Work Safety Training **252,940** person-times
- Duration of Work Safety Training **197,428** hours
- Average Duration of Safety Training per Employee **8.54** hours

Special operations training for special equipment → Certification training for safety management qualifications → Safety awareness training


Special drills were conducted for special equipment accidents


Safety training was provided for line managers


Spot checks on safety knowledge were conducted

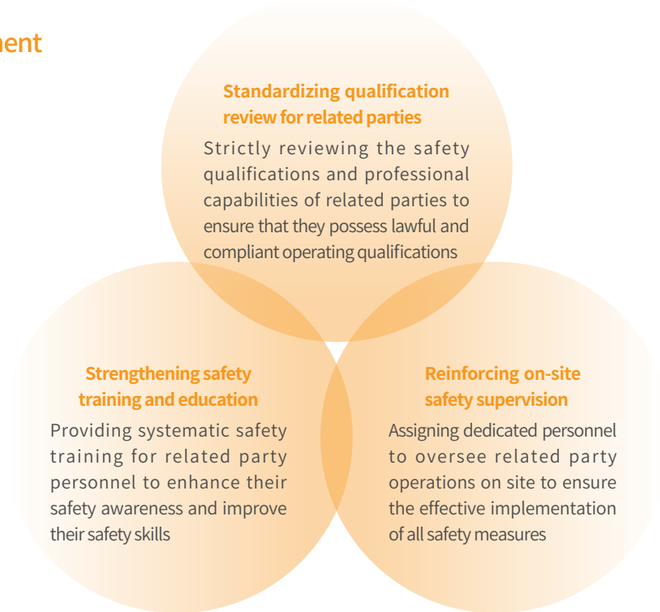

Fire emergency drills were carried out

Youth-themed activities were organized for Work Safety Month

Safety warning education sessions were held

Strengthening Safety Management for Related Parties

For contractors and other related parties, the Company formulated dedicated systems including the *Related Party Management Procedures*, the *Measures for the Safety Management of Labor Employment*, and the *Safety Management System for Outsourced Projects and Outsourced Labor*. From the perspectives of implementing primary responsibility for work safety, building management systems, reviewing qualifications, managing assessments, maintaining records and documentation, and providing safety and technical training, the Company comprehensively strengthened safety management over related parties.



Prioritizing Occupational Health

The Company has continued to improve its occupational health and safety management system. Its subsidiaries, including Xiangtan Steel, LY Steel, HYST, VAMA, and Yangchun New Steel, have all obtained GB/T 45001 or GB/T 28001 occupational health and safety management system certification. The Company regularly organized testing for occupational hazard factors. For identified occupational hazards arising in the production process—such as high temperatures, dust, noise, carbon monoxide, benzene, and coke oven fugitive emissions—the Company adopted a range of measures to effectively safeguard employees' occupational health and continuously improve the management of occupational health and safety.

Key Performance

- Health examination coverage rate: **100%**

- The Company strictly followed the requirements of the "one list and four mechanisms" approach for addressing major hidden risks of accidents, with a focus on targeted remediation in key areas such as hazardous chemicals, high-temperature molten metal, gas-related hazards, and confined spaces, effectively safeguarding the occupational safety of frontline production employees.
- The Company further deepened the Ankang Cup competition and carried out contests on safety standardization and benchmark safety teams to strengthen safety awareness at the frontline team level.
- Occupational hazard notice boards were installed, regular training on occupational disease prevention was organized, and occupational health examinations were carried out for newly hired and departing employees, ensuring effective screening for occupational diseases.
- The Company also established occupational health surveillance files for employees and organized occupational health examinations, special examinations for female employees, and mental health counseling in stages.

Optimizing Customer Service

Valin Steel adheres to a customer-centric approach and has developed an integrated service system guided by customer needs and integrating production, sales, R&D, and application. Through intelligent manufacturing and a digital system integrating sales, R&D, production, and delivery, the Company has comprehensively optimized scheduling, production, quality, and logistics to ensure precise and efficient product delivery. At the same time, the Company carries out R&D and improvement activities based on market and customer needs, while its 24-hour customer service center and EVI/CTS teams provide rapid response and support throughout the entire process, continuously enhancing customer experience and service value.

Customer Information Security and Privacy Protection

The Company attaches great importance to the protection of customers' intellectual property rights and trade secrets. By formulating dedicated confidentiality measures and clauses and continuously improving its confidentiality management system, the Company ensures that customer information and trade secrets are subject to strict oversight and compliant use.

The Company has established a comprehensive information management system covering business processes, customer information, and cooperation arrangements. The Company implements registration and full-process traceability management for all types of documents and materials; applies graded authorization and confidential access control to customer information; and signs legally binding confidentiality agreements with customers to clearly define liability for breach, systematically preventing the risk of information leakage.

Key Performance

- Number of information security breach incidents: **0**
- Number of customer privacy breach incidents: **0**

Xiangtan Steel

Xiangtan Steel has continuously improved its customer privacy protection system. In 2025, the Data Guardian System (DGS) was launched to provide enhanced protection for customer-related information, and no customer privacy breaches occurred during the year. In terms of data security management, the Company further improved its data security management framework. In accordance with the *Data Security Law of the People's Republic of China* and the *Measures for Data Security Management in the Industry and Information Technology Sector (For Trial Implementation)*, Xiangtan Steel formulated the Data Security Management System, clarifying requirements in areas including the responsibilities of various entities, system development, data classification and grading management, full life-cycle data security management, and data security operation and maintenance.

HYST

HYST coordinated the implementation of both institutional and technical measures, forming a dual protection mechanism combining institutional controls and technical safeguards. A closed-loop management system was established around data security, supported by improved network management rules, including those relating to data and information. These rules clearly define requirements for data classification and grading, access authorization, and full life-cycle management, providing an institutional basis for data security management. At the technical protection level, HYST advanced the full deployment of IMC and endpoint protection software, enabling unified management and security monitoring of terminal devices. The Data Guardian System continued to operate and encrypted core internal file data, reducing the risk of data leakage. At the same time, HYST further optimized network isolation by dividing networks into different zones based on business scenarios and setting access boundaries to prevent unauthorized penetration between networks at different levels.

Responsible Marketing

The Company upholds the principles of responsible marketing, fully complies with laws and regulations such as the *Advertising Law of the People's Republic of China and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, and has established and improved responsible marketing management systems and internal compliance guidelines for publicity and communications. The Company standardizes advertising and promotional activities, provides customers with complete, accurate, objective, and readily understandable information, and continuously strengthens compliance control across the entire marketing value chain, including marketing, pricing, channels, and operations. During the reporting period, the Company was not involved in any litigation or penalties relating to responsible marketing.

The Company remains committed to providing customers with transparent product information and professional technical support, helping them understand product performance characteristics as well as methods of use, maintenance, and servicing. The Company also organized technical seminars and similar activities to improve customers' understanding and application of customized products.

Enhancing After-Sales Service

The Company formulated the *Product Service Management Procedures and the Measures for the Management of Quality Objections for Shipped Products* to standardize services across the entire process, including pre-sales, in-sales, and after-sales. The sales department uniformly receives customer complaints or quality objections submitted through various channels and communicates them to the relevant internal units in the form of reports, which then complete rectification and handling in a timely manner in accordance with established procedures.

Each subsidiary attaches great importance to service capability development and has established sound and efficient customer feedback mechanisms to obtain customer evaluations and suggestions regarding product quality and service satisfaction in a timely manner. Through continuous service skills training and optimization of service workflows, the Company has promoted coordinated responses among multiple departments, such as Technology, Production, and Quality.

Responding to Customer Feedback

Formulating improvement measures

The Company systematically collects feedback through multiple channels, including satisfaction surveys, complaint handling, and market research. The Company promptly reviews and analyzes such information, accurately identifies issues in products and services, and develops corresponding improvement measures. At the same time, the Company regularly updates customers on the progress of rectification, continuously enhancing customer satisfaction.

Handling customer complaints

The Company further optimizes complaint handling procedures and response times, clearly defines responsible persons and completion milestones at each stage, and ensures a rapid response to customer concerns relating to product quality. For major complaints, the Company establishes dedicated quality task forces to conduct in-depth investigations and root cause analyses, ensuring the effective implementation of corrective measures.

Providing technical services

The Company provides customers with training on product application and assists them in the proper design and use of products. For key products, the Company provides pre-sales EVI support and trial die management, building a proactive service system that enables a more accurate understanding of product application scenarios and customer quality requirements.

Case Xiangtan Steel | Responding Efficiently to Customer Needs and Honoring Six Commitments

Xiangtan Steel has consistently adhered to the business philosophy of being customer-centric and formulated the *Procedures for Control of Product and Service Requirements and the Sales Service Management System* to respond efficiently to customer delivery and service needs and handle customer complaints promptly. Quality objections, metering objections, and various service requests were all accepted and confirmed within one working day. Among them, the average case closure cycle for quality objections was 15 days, metering objections were resolved within 5 days, and responses or solutions to customer complaints and service requests were provided within 2 working days. In addition, Xiangtan Steel introduced six service commitments covering delivery, billing, complaint handling, and digital services for all customers, effectively safeguarding customer rights and interests.

Case HYST | Always Putting Customer Service First

HYST has established a comprehensive and highly efficient marketing and service system. In terms of service response, domestic sales personnel remained stationed on the front lines with customers, conducted regular visits, and responded rapidly to customer needs. In particular, for oilfield customers, HYST provided wellsite support for a cumulative total of 620 wells during the year, winning strong customer recognition through full-process technical support. In terms of collaborative mechanisms, HYST fully leveraged the role of its IPD teams to effectively cover the entire pre-sales and in-sales cycle. In terms of digital enablement, HYST continuously optimized its marketing and service platform, enabling real-time contract progress inquiries and online issuance of invoices and quality certificates, greatly improving service convenience and significantly enhancing customer experience and satisfaction.

Maintaining Customer Relationships

The Company consistently places customer needs first and has formulated dedicated systems such as the *Customer Satisfaction Measurement Management Procedures* and the *Management System for Monitoring and Measuring Customer Satisfaction* to more effectively obtain customer satisfaction data and feedback on products and services. The Company organized its subsidiaries to carry out systematic customer satisfaction evaluations, using quantified results to identify service shortcomings more directly and implement targeted improvements, steadily enhancing customer satisfaction.

The Company pays close attention to customers' diverse needs and, based on factors such as customer type, cooperation arrangements, and specific requirements, designs tailored sales contracts that clearly define key terms including product quality standards, delivery schedules, and after-sales services. The Company also regularly organizes customer engagement activities such as industry seminars and new product launch events to deepen interaction, mutual trust, and win-win cooperation, and to work together with customers in advancing the sustainable development of the steel industry.

Case LY Steel | Holding an Annual Customer Conference to Broaden the Path of Mutually Beneficial Development

On November 11, 2025, LY Steel invited leaders from customer organizations and business partners to attend its 2026 annual customer conference, held under the theme "Intelligence Converges in Boao, Steel Opens a New Chapter." The conference featured four technical exchange sessions dedicated to green, low-carbon, and high-strength steel and high-end hot-rolled automotive products, high-strength galvanized and cold-rolled products, high-alloy steel and special wear- and corrosion-resistant steel, and high-end medium- and high-carbon products. These sessions provided detailed introductions to the Company's product R&D and application achievements, helped the Company better understand market demand, and laid a solid foundation for consolidating strategic trust with customers and expanding cooperation in high-end markets.

Case VAMA | Actively Expanding Emerging Customers and Continuously Improving Customer Satisfaction

While continuing its strategic cooperation with core customers, VAMA actively expanded relationships with emerging partners and steadily increased business volumes with multiple new-energy and emerging automotive brands. In 2025, VAMA signed more than 50 cooperation agreements in total. Its business covered the mid- to high-end automotive sheet market and included strategic customers in key categories such as automotive outer panels, high-strength steel, and hot forming, further enhancing customer satisfaction and loyalty.

Customer Service Performance

Over the years, the Company has established leading advantages in key market segments such as energy and oil and gas, shipbuilding and offshore engineering, machinery and bridges, and automobiles and home appliances, driven by superior product performance, stable quality control, and service experiences that exceed customer expectations. The Company has also built deep cooperative relationships with benchmark customers in major industries. During the reporting period, the Company and its subsidiaries received multiple honors such as "Excellent Supplier" "Outstanding Supplier" and "Strategic Partner" in recognition of their strong performance, earning widespread market acclaim and high recognition.

Key Performance

- Customer satisfaction: **94.39%**
- Global customer servic
  serving more than **150** Fortune Global 500 companies worldwide
- International market presence
  products exported to more than **60** countries and regions
- Industry position
  leading market share in multiple downstream sectors

Energy and Power | Shipbuilding | Offshore Engineering | Automobiles
Construction Machinery | High-rise Buildings | Bridges | Home Appliances

Selected Honors and Awards

Caterpillar Outstanding Supplier
Xiangtan Steel

Excellent Supplier of China National Chemical Engineering Group Corporation
Xiangtan Steel

2025 Outstanding Supplier of Zoomlion Engineering Crane Company
LY Steel

Annual Quality Trusted Supplier (Small-Diameter Tubes) of Dongfang Boiler Co., Ltd., Dongfang Electric Corporation
HYST

2024 Excellent Supplier of the 725th Research Institute of China State Shipbuilding Corporation Limited
HYST

2025 Strategic Partner of Foshan Yonglitai Axle Co., Ltd.
HYST

Annual Quality Trusted Supplier (Small-Diameter Tubes) of Dongfang Boiler Co., Ltd., Dongfang Electric Corporation
HYST

Excellent Supplier of Hunan Zoomlion Crawler Crane Co., Ltd.
HYST

Excellent Supplier of Sany Heavy Lifting Business Un
HYST

2025 Performance Excellence Award of ArcelorMittal
VAMA

Strategic Partner of Luliang Jingxing Coal Coking Co., Ltd.
Yangchun New Steel

Selected Customers

Key Strategic Customers

HYUNDAI SPECIAL STEEL | JIDE 西德实业 | 海纳特钢 Haina Special Steel | 鹏驰五金 EAGLE METALWARE | 晋亿螺丝 | BAOWU | TBF | 浙商中拓 | 哈迪威实业 | 金桥焊材 | QIXIN 齐信 | 常宝股份 CHANGBAO | Leopard | FINEWORK | 恒隆集团 HENGLONG | 汉德车桥 HANDE AXLE | 万向钱潮 WANXIANG QIANCHAO | SUNHUNK | HNEG 湖南高速 | GREE 格力 | Midea | Galanz 格兰仕 | HWHG 湖南宏旺 | Wangbian Electric | 赛力斯汽车 | DEC 东方电气 | 哈电集团 | 郑煤机集团 | SANY | ZOOMLION | Fuwa | sinoma 中材科技 | XCMG | HSC | HUNTING | AUDI | Mercedes-Benz | gm | Ford | NISSAN | VOLVO | JAGUAR | SAIC MOTOR 上汽集团 | FAW | 广汽集团 GAC GROUP | SERES 赛力斯 | 小鹏汽车 | 北汽集团 BAIC GROUP | 长城汽车 | PEUGEOT | 吉利汽车 GEELY AUTO | HONDA | TOYOTA | CITROËN | 理想 | AION 埃安 | ZEEKR | Gonvarri Steel Industries | Gestamp | 中国中铁 | 中国交建 | 广州建筑 建材集团

Growing Together with Employees

Valin Steel consistently implements the strategy of strengthening the enterprise through talent, upholds employee rights and interests, establishes and improves fair and equitable mechanisms for talent selection and appointment, and continues to foster an open, inclusive, and diverse workplace environment. On the premise of safeguarding occupational health, the Company eenables every employee to grow and advance in their career based on their own capabilities.

Safeguarding Employee Rights and Interests

Compliant Employment, Equality and Inclusion

The Company has always regarded equal employment as a core principle of human resources management. The Company strictly complies with laws and regulations including the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Provisions on the Prohibition of Child Labor*, and the *Special Provisions on Labor Protection for Female Employees*. At the same time, the Company also refers to labor and human rights standards such as the *Universal Declaration of Human Rights* and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, so that every employee can create value in a sound workplace environment.

The Company adheres to the employment principle of "capability-based selection and equal opportunity", and does not differentiate on the basis of ethnicity, race, gender, religious belief, age, disability, marital status, or social origin in recruitment, promotion, compensation and benefits, training, or career development. At the same time, the Company actively promotes the employment of persons with disabilities and provides necessary labor protection and career development pathways for special groups. The Company strictly implements national requirements prohibiting child labor, rigorously verifies identity information during hiring, and prohibits the employment of minors. The Company also firmly opposes all forms of forced labor and does not engage in, support, or tolerate any forced employment practices involving violence, threats, or unlawful restriction of personal freedom, ensuring that all labor is based on the principle of mutual consent. During the reporting period, the Company did not record any incidents related to child labor, forced labor, human trafficking, discrimination, or harassment.

The Company integrates the principles of diversity, equity, and inclusion into its talent strategy and systematically builds inclusive management mechanisms around key areas such as recruitment and selection, performance evaluation, promotion and development, and organizational culture. Through measures such as employee diversity training and enhanced employee care, the Company continues to foster a cultural environment of "respecting differences, unlocking potential, and sharing growth."

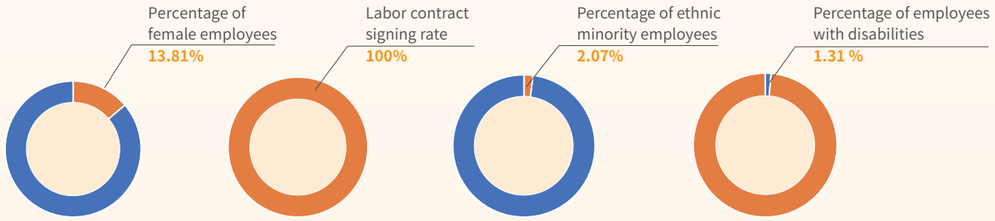
The Company has formulated internal policies relating to human rights, clarifying basic principles in areas such as employee management, the workplace environment, and benefits and treatment. In line with the requirements of the Responsible Business Alliance (RBA), the Company has carried out human rights due diligence and continuously improved its human rights management processes. The Company has established communication mechanisms for employee grievances and complaints. Employees may report issues they encounter, either by name or anonymously, to the trade union, the office, or the discipline inspection function by telephone, letter, email, face-to-face communication, or online channels. Relevant units keep employee information strictly confidential. At the same time, through internal training and communication initiatives, the Company regularly provides all employees with training on human rights and labor rights and interests, enhancing their awareness and capability for self-protection.

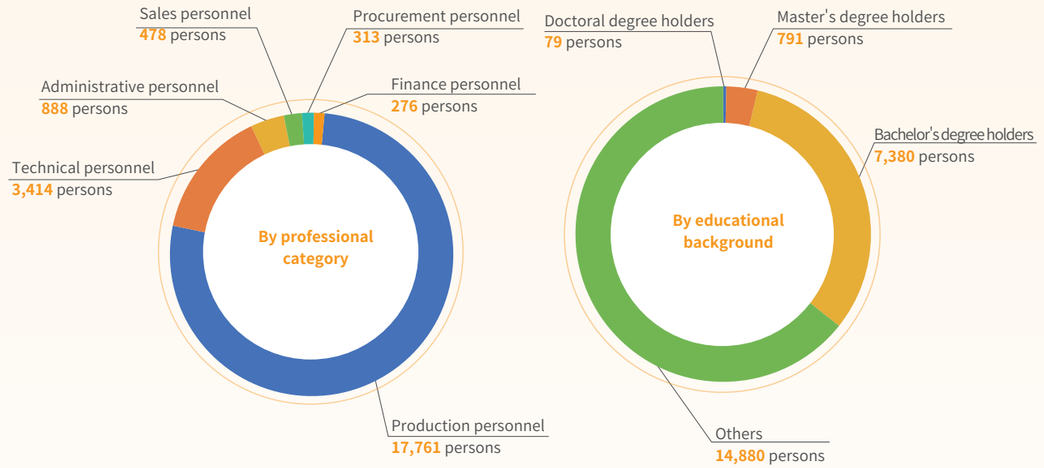
Total number of employees **23,130** persons

Female employees **3,195** persons

Ethnic minority employees **479** persons

Employees with disabilities **304** persons





Compensation and Benefits

The Company continues to improve a compensation and benefits system aligned with its development strategy and closely linked to value contribution. In strict compliance with national social security laws and regulations, the Company pays salaries in full and on time, makes full contributions to five types of social insurance and two housing-related funds, and ensures that statutory leave and overtime entitlements are implemented in accordance with the law, bringing together talent to support the Company's high-quality development.

Tiered and differentiated incentives

- Management employees: tilting incentives toward high performers who achieve performance targets
- Technical employees: tilting incentives toward innovative talent
- Frontline employees: tilting incentives toward production roles that are hard, dirty, hazardous, or physically demanding

Enhanced benefits protection

- Five types of social insurance and two housing-related funds for all employees
- Supplementary insurance, such as enterprise annuity, supplementary medical insurance, home property insurance, and personal accident insurance
- Benefits programs, such as regular health examinations, free working meals, and dedicated parking areas
- Leave system, including statutory holidays, weekends, paid leave, home leave, recuperation leave, childcare leave, and other leave entitlements

Diversified compensation structure

- Wages and bonuses, such as position-based salary, performance-based salary, and special bonuses
- Various allowances and subsidies, such as position allowance, professional title allowance, housing subsidy, and settling-in allowance
- Medium- and long-term incentives
- Term-based incentives, among others

Key Performance

- Social insurance coverage rate: **100%**
- Average paid leave per employee: **10.42** days

Case **Xiangtan Steel | Building a Tailored Compensation System**

Xiangtan Steel followed the principle of linking compensation levels to operating performance and established a differentiated and tailored compensation system. For chief-level core talent, Xiangtan Steel implemented an annual salary system. For urgently needed talent introduced from outside, Xiangtan Steel adopted an agreed salary arrangement. For technical and skilled personnel, Xiangtan Steel established project-based incentives for tackling key technical challenges. Employees who won various competitions were granted additional rewards of up to RMB 50,000, and employees in designated positions who obtained professional qualification certificates received allowances, continuously encouraging employees to enhance their professional capabilities.

Case **VAMA | Innovating a Dual-Track Performance Incentive System**

VAMA directly linked its incentive mechanisms to employees' performance-based pay, year-end bonuses, and other direct remuneration, with coverage extending to all employees. Project-based incentives focused on four core areas—sales growth, inventory control, equipment stability, and delivery assurance. VAMA also established dedicated rewards and granted flexible bonuses based on project milestones, creating a long-term incentive model under which all employees share responsibility for strategic goals while key initiatives deliver targeted breakthroughs.

Democratic Management

Valin Steel has continuously advanced democratic management and improved an institutional system for employee participation centered on the employee representative congress. The Company regularly convenes employee representative congresses, carries out collective consultation and employee representative inspections in a standardized manner, and extensively listens to employees' opinions and suggestions on corporate development, production and operations, and the protection of rights and interests. The Company also strictly implements the system of open factory affairs, and discloses matters involving employees' vital interests and major corporate decisions in a timely manner through multiple channels, including the corporate intranet, notice boards in plant living areas, the official website, and official social media accounts, so as to effectively safeguard employees' rights to know, the right to participate, the right to express opinions, and the right to exercise oversight At the same time, the Company has given full play to the bridging role of labor unions, kept channels for employee feedback and communication open, and built a new framework for democratic management featuring balanced rights and responsibilities, joint consultation, and shared decision-making.

The 12th Session of the 15th Employee Representative Congress and the 2026 Work Conference of LY Steel

The 2026 Work Conference and the 2nd Session of the 3rd Trade Union Members' Representative Congress of Yangchun New Steel

Implementing the rights and responsibilities of the employee representative congress

- Advance grassroots democratic management with the employee representative congress as the principal vehicle; solicit employee views in advance on key and difficult issues of concern to employees, including fundamental institutional development, cadre appointments, remuneration and benefits, and other matters affecting employees' vital interests; accept employee oversight afterward; and safeguard employees' rights to know and participate to the fullest extent possible.
- Conduct collective consultation on an equal footing; conclude the 2025 collective wage consultation agreement and collective contract; and actively mediate labor disputes involving employees.

Employee Satisfaction Surveys and Continuous Improvement

Regard employee satisfaction as an important gauge of management effectiveness and organizational health; establish an annual employee satisfaction survey mechanism; conduct, in principle, one survey each year through a combination of anonymous online questionnaires and offline forums and interviews; capture employee needs with greater precision; and drive continuous management improvement.

Accelerate the development of the employee satisfaction and engagement survey system; enable online data collection, automated analysis, and closed-loop rectification; improve the workplace experience through a normalized and digitalized survey mechanism; and enhance employees' sense of belonging, fulfillment, and well-being.

Case **LY Steel | Improving Employee Satisfaction**

LY Steel surveyed employee perceptions in areas including corporate culture, learning, working and living environment, attendance management, rest and leave arrangements, occupational safety and health, labor protection measures, compensation and income, benefits, and career development pathways. In 2025, LY Steel's employee satisfaction score reached 83.41, representing an increase of 0.61 points over the previous year.

Empowering Employee Growth

Improving the Talent System

The Company has built a multi-dimensional talent system and formulated the *Human Resources Development Plan during the 15th Five-Year period*, using institutional innovation to strengthen the foundation for stable employment. In 2025, the Company recruited 1,053 new employees through campus recruitment, social recruitment, and the introduction of experienced talent, including 10 doctoral graduates and 203 master's graduates. In campus recruitment, the Company closely aligned recruitment with internal job demand and innovated a government-enterprise collaborative talent recruitment mechanism, covering multiple levels from management positions to frontline operational roles. In 2025, 866 fresh graduates joined the Company. In employment for special groups, the Company developed disability-friendly positions through job redesign and facility modification, established channels for receiving and placing demobilized soldiers, and carried out a dedicated recruitment initiative in support of Tibet, strengthening the talent foundation for the Company's high-quality development.

Key Performance

- Number of employee departures: **156**
- Number of new employees hired: **1,053**

Valuing Employee Development

The Company has consistently aligned talent growth with corporate development and built clear and diversified career development pathways for all employees. The Company has developed a multi-dimensional career development map spanning management, technical, skilled, and business functions, breaking down barriers to growth so that employees in different positions and fields can find suitable advancement pathways. At the same time, the Company has established standardized and transparent mechanisms for horizontal rotation and vertical promotion, and improved a talent development system to enable both advancement and adjustment, as well as structured recruitment and exit. Through a fair development environment and broad growth platform, the Company empowers employees to make the best use of their strengths and talents, enabling each employee to achieve growth and breakthroughs in individual career value alongside the development of the enterprise, and truly ensuring that capable employees are given both opportunity and recognition.

Strengthening Employee Training

The Company aligned talent development more closely with its development strategy and role-specific capability requirements, strengthened its management, technical, and skilled talent pipelines, and built a multi-tiered talent development system. At the management level, it focused on leadership enhancement and introduced innovative training models combining online and offline learning. For technical personnel, it strengthened professional capabilities in collaboration with external institutions, while also covering key areas such as digital office applications, marketing, and the integration of business and finance. For the operating workforce, it prioritized rotating training for team leaders and work safety training for young employees, while also implementing specialized training and skills evaluation for key positions and promoting skill enhancement across the workforce through competition-based learning.

Case **HYST | Building the "Six Navigation" Branded Training System**

Under the overarching framework of the "Six Navigation Plan", HYST has meticulously built a branded training system. Leveraging three key platforms—the Hengshan Forum lecture series, micro-classrooms, and the Craft Star Academy—HYST has integrated a wide range of topics including Party building, management, technology, skills, and safety, systematically advanced talent development across all talent streams, and achieved dual improvements in training continuity and brand impact, injecting strong momentum into the Company's sustainable development.

Key Performance

- Employee training coverage rate: **100%**
- Total employee training hours: **971,460** hours
- Average training hours per employee: **42** hours
- Percentage of employees receiving vocational and skills training: **100%**

Improving employee caring

The Company has earnestly carried out the "I Do Practical Things for the People" initiative, improved employees' working and living environments, and upgraded their sense of well-being in an all-round way. The Company also organized popular sports and cultural activities such as employee basketball tournaments, badminton matches, air volleyball competitions, and e-sports tournaments, enriching employees' cultural life outside work.

Assisting employees with difficulties

- LY Steel developed tailored support plans for employee families facing financial hardship due to illness, disability, education expenses, or unexpected disasters, and provided assistance through hardship relief funds or medical assistance funds.
- Xiangtan Steel continued to carry out support programs for employees in difficulty. In 2025, the Company invested more than RMB 4.55 million in assistance funds, benefiting 2,012 employee visits.

Caring for female employees

- In 2025, VAMA made a dedicated investment of RMB 90,000 to provide comprehensive screening services for breast cancer and cervical cancer to 116 eligible female employees.
- Yangchun New Steel, together with the Yangchun Maternal and Child Health Hospital, organized lectures on women's health, conducted gynecological health examinations for female employees, and distributed more than RMB 170,000 in hygiene and healthcare allowances to female employees and employees with a single child.

Visits were paid to employees in need

Employee basketball games were held

A mini-marathon was held in the plant area

"Her Classroom" development activities were organized for female employees

Working with Partners for Mutual Success

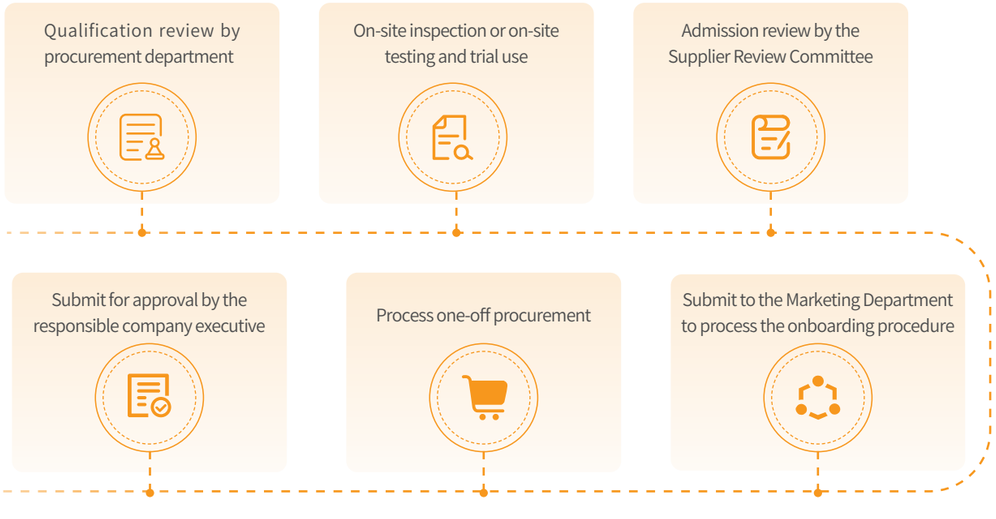
Guided by the principle of collaborative win-win development, the Company has strengthened supply chain management, deepened strategic cooperation, and participated in industry co-building, establishing and improving an open and inclusive partnership mechanism. In doing so, the Company has continuously enhanced the resilience and vitality of the industrial chain and worked hand in hand with all partners to create a new landscape of high-quality development.

Supplier Management

The Company has introduced institutional documents covering the full life cycle of the supply chain, including the *Supplier Management System*, the *Supplier Management Procedures for Procurement*, the *Measures for the Management of Authorized (Entrusted) Agencies*, and the *Management Measures for the Handling of Quality Objections and Settlement Disputes*. The Company carries out supplier onboarding, review, evaluation, and exit management, and is committed to building a responsible supply chain.

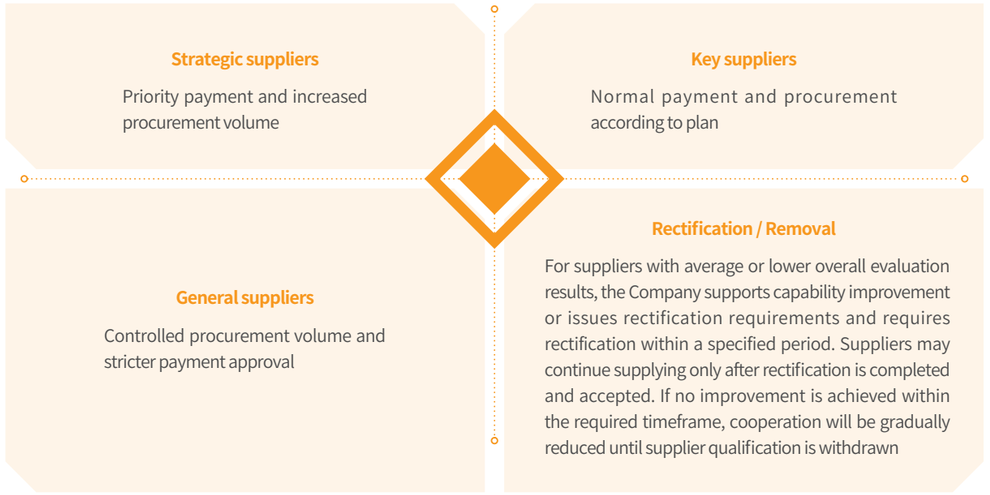
Supplier Onboarding

The Company has established a sound onboarding evaluation system and strictly implements supplier onboarding review procedures. For new suppliers, the Company conducts comprehensive reviews of relevant qualifications and overall service capability, preventing suppliers with weak credit standing, poor performance capability, or frequent legal disputes from entering the qualified supplier list, safeguarding a high-quality and sustainable supply chain.



Tiered Supplier Management

The Company implements dynamic supplier management across dimensions including product quality, price competitiveness, contract performance, overall capability, after-sales service, and tendering performance. Comprehensive supplier evaluations and grading are conducted on a quarterly and annual basis, with annual decisions made on supplier elimination and upgrading. Based on overall evaluation results, suppliers are classified into three categories—strategic, key, and general—and are managed accordingly.



Incorporating ESG into Ongoing Supplier Tracking and Evaluation

The Company incorporates ESG requirements into its ongoing supplier tracking and dynamic evaluation mechanism, strengthens sustainability risk management across the supply chain, and promotes the coordinated adoption of sustainable development principles across upstream and downstream partners.

Grade	Positioning and Characteristics	Management Strategy and Cooperation Approach
Strategic Cooperation	Outstanding ESG performance and a partner in green innovation	Deepen cooperation: jointly develop low-carbon materials, share carbon data, and jointly
Priority Improvement	Strong ESG performance, systematic management, with some areas requiring improvement	Provide focused guidance: offer training on weak areas, assist in formulating improvement plans, and consider medium- and long-term orders
Observation and Rectification	Passable ESG performance or identifiable risks, but with willingness and basic capacity to improve	Require rectification within a specified period: sign rectification commitments, increase audit frequency, and reduce order share
Phase-out Clearance	ESG performance fails to meet requirements, touches red lines, or rectification proves ineffective	Initiate exit: launch elimination procedures and identify alternative suppliers

Xiangtan Steel

- Review the qualification status of registered enterprises against the latest national laws and regulations imposing mandatory licensing requirements, and adjust the basic Supplier Onboarding criteria in a timely manner as required.
- Incorporate the fulfillment of social responsibility into annual performance evaluation criteria, and award additional points to suppliers that have obtained certifications in quality, environment, and occupational health and safety management systems or actively participate in industry association development, establishing a positive incentive mechanism.

LY Steel

- Optimize processes and revise systems such as the *Measures for the Management of Bulk Raw Material Prices*; implement dynamic supplier management; conduct quarterly supplier evaluations; and increase the development of high-quality new resources. In 2025, add 87 new suppliers and product categories for bulk raw materials, and eliminate 45 suppliers and product categories.

HYST

- Introduce additional requirements for key service providers, including on-site assessments and compliance verification in relation to laws and regulations, patents, safety, and environmental protection; and further strengthen tiered management of such providers across the processes of Supplier Onboarding, confirmation, change, performance evaluation, re-evaluation, elimination, and reinstatement.
- Revise the *HYST Supplier Management System*; standardize tiered Supplier Onboarding and management; and clarify the processes for evaluation, confirmation, and cooperation incentives applicable to suppliers with outstanding overall strength and demonstrably high quality.

VAMA

- Integrate ESG requirements into Supplier Onboarding criteria; require all suppliers to sign the *Supplier Code of Conduct or a Supplemental Agreement on Sustainable Due Diligence*; and formally incorporate ESG control requirements into contractual terms of cooperation.
- Implement dynamic supplier management; conduct comprehensive evaluations across dimensions including supply quality, price, delivery, and service; define procurement priority levels corresponding to Grades A, B, C, and D; and apply a last-place elimination mechanism.

Yangchun New Steel

- Implement dynamic management for suppliers of key procured materials such as scrap steel and coke; conduct monthly scoring, rating, and tiered management; require rectification within a specified period for unqualified suppliers or terminate cooperation where necessary; and strictly control supply quality.

Advancing Transparent Procurement

In procurement operations, the Company adheres to the principle of "transparent and standardized operations", implements institutional documents such as the *Measures for the Administration of Tendering (and Competitive Negotiation)* and the *Procurement Control Management Procedures*, comprehensively promotes public tendering, discloses public inquiry information, and broadens access to high-quality resources. The Company signs the *Transparent Cooperation Agreement, the Integrity and Ethical Commitment Letter*, and the *Clean Transaction Responsibility Letter* with suppliers, communicating expectations relating to compliance with national laws, integrity in business, professional ethics, clean and transparent operations, and fulfillment of social responsibility.

Strengthening Oversight of Procurement Processes

- Strengthen oversight of key procedures and sensitive positions, including procurement tendering and incoming inspection of raw materials and fuels.
- Raise sampling inspection rates, refine sampling methods, increase penalties, strengthen source quality control, and implement monthly evaluations to effectively curb fraudulent practices.

Advancing Procurement Standardization

Use valve procurement as a pilot category for standardized and refined procurement; evaluate tenders across dimensions such as weight, material, selection, and brand; refine itemized criteria; and progressively achieve value-for-money procurement.

Safeguarding Integrity in Procurement

Require suppliers to sign the *Integrity and Ethical Cooperation Agreement* and employees to sign the *Commitment to Integrity and Self-Discipline*; impose severe penalties on any attempt by suppliers to improperly influence procurement personnel through bribery or other inducements; and strive to achieve zero disciplinary violations and zero non-compliance.

Digital Procurement Management and Control

- Advance the development of an electronic signature service platform; integrate the platform with the existing ERP integrated system and other relevant systems; and achieve seamless connectivity across business processes.
- Progressively promote and standardize digital price comparison procurement for bulk raw materials and fuels, making the coal procurement process more open, transparent, efficient, and traceable.

Advancing Green Procurement

The Company actively promotes green procurement with the aim of reducing the environmental impact of production activities and lowering resource consumption, driving the supply chain toward an energy-saving and low-carbon transition.

For materials such as environmental protection equipment, safety equipment, and labor protection supplies, the Company strictly prohibits the procurement of non-compliant products banned by the state. Suppliers of special labor protection products are required to provide safety appraisal certificates or inspection reports.

Recycled raw materials such as scrap steel must comply with the requirements of relevant national authorities. Suppliers must hold the requisite business qualifications, and purchase and sales contracts must clearly stipulate and enforce control clauses relating to hazardous substances such as explosives and radioactive materials.

For the transportation of toxic and hazardous chemicals, oils, and similar materials, suppliers must hold the corresponding qualifications and implement protective measures against damage and leakage. For flammable, explosive, and hazardous goods, fire- and explosion-prevention measures must be taken, and suppliers are required to provide safety data sheets.

Key Performance

- Number of local suppliers: **996**
- Localization rate of procurement: **23.34%**

Supply Chain Decarbonization

In terms of supply chain decarbonization, the Company has developed a detailed visit and research plan for key suppliers. Over the next few years, the Company will strengthen management in the following two areas:

Cultivating green strategic suppliers

Establishing long-term partnerships with core upstream steel producers and other key suppliers, jointly investing in low-carbon technologies, and securing part of the capacity for green raw materials.

Establishing green procurement standards

Using carbon footprint as an important procurement decision-making indicator, conducting carbon accounting for suppliers, and gradually phasing out high-carbon suppliers.

Advancing Industry Cooperation

Upholding the development philosophy of openness and collaboration, the Company has continued to cultivate the broader industry ecosystem on all fronts. By actively participating in various industry exchanges, the Company has engaged in frequent and in-depth discussions with industry peers on frontier trends and paths for technological innovation, jointly exploring new opportunities for development.

Case

Xiangtan Steel | Joining Hands with a Well-Known Enterprise to Establish a Joint R&D Center

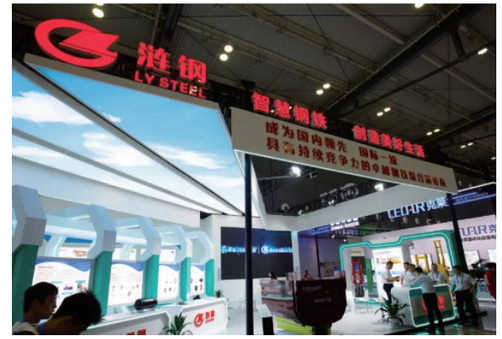
In May 2025, Xiangtan Steel signed a strategic cooperation agreement with Haina Special Steel Co., Ltd. and jointly inaugurated the Xiangtan Steel-Haina Special Steel Joint R&D Center. The center will enhance both parties' innovation capabilities in high-end materials R&D, accelerate the commercialization of technological achievements, and realize resource sharing and complementary advantages.

Inauguration of the Xiangtan Steel-Haina Special Steel Joint R&D Center

Case

LY Steel | Showcasing at the 4th Changsha International Construction Equipment Exhibition

In May 2025, LY Steel presented a number of flagship products at the 4th Changsha International Construction Equipment Exhibition. At the exhibition, LY Steel highlighted six categories of advanced materials, including steel for construction machinery, wear-resistant steel, silicon steel, galvanized sheet, medium- and high-carbon steel, and hot- and cold-formed structural steel, as well as its two brands, Acetough wear-resistant steel and Aceshield protective steel. Through these exhibits, LY Steel showcased to global customers its innovation capabilities and green development philosophy in the field of high-end equipment manufacturing.



Case

HYST | Exhibiting at the Karamay Petroleum Equipment Exhibition and Signing an Agreement with Xinjiang Oilfield Company

In August 2025, the 7th China (Karamay) International Oil & Gas and Petrochemical Technology & Equipment Exhibition opened. During the exhibition, HYST highlighted high-performance premium connections such as gas-tight, high-torque, and direct-connect types, as well as high-grade OCTG products including 13Cr. HYST also signed a procurement framework agreement with CNPC Xinjiang Oilfield Company, further deepening cooperation between the two parties.

Case

VAMA | Actively Co-Organizing and Participating in Multiple Major Industry Events

In November 2025, VAMA attended the 19th International Forum of Automotive and Traffic Safety and received the Value Empowerment Award, highlighting the contribution of steel battery packs to safety in new energy vehicles. In December 2025, VAMA co-organized the Chery-VAMA & GONVVAMA Supply Chain Technology Co-Creation Exchange Day, focusing on advanced high-strength steel, multi-part integration, and battery pack solutions. VAMA discussed trends in vehicle body electrification with experts from Chery, demonstrating its leading role in technology co-creation and industry empowerment.

Participating in Standards Development

Leveraging its distinctive strengths, advanced manufacturing processes, process technologies, and well-established standards system, the Company led, participated in, or revised a total of 28 national, industry, and group standards during the reporting period, including GB/T 6730.45-2025 *Iron Ores—Determination of Arsenic Content—Arsine Separation-Molybdenum Blue Spectrophotometric Method* and GB/T 9948-2025 *Seamless Steel Tubes for Petroleum Cracking and Chemical Equipment*, effectively promoting the improvement and upgrading of the industry's standards system.

Implementing Entity	Standard Title	Standard Category	Role	Approval Date	Standard No.
Xiangtan Steel	Wire rod for super-large-span load-bearing bridge cables	Group standard	Participating in drafting	2025-03-12	T/CISA 518-2025
Xiangtan Steel	Hot-rolled wire rod for cold heading steel	National standard	Participating in drafting	2025-03-28	GB/T 28906-2025
Xiangtan Steel	Hot-rolled wire rod of quality carbon steel	National standard	Participating in drafting	2025-03-28	GB/T 4354-2025
Xiangtan Steel	Alloy spring steel wire	Industry standard	Participating in drafting	2025-04-10	YB/T 5318-2025
Xiangtan Steel	Iron ores—Determination of arsenic content—Arsine separation-molybdenum blue spectrophotometric method	National standard	Leading drafting	2025-06-30	GB/T 6730.45-2025
Xiangtan Steel	Stainless steel clad plates and strips	National standard	Participating in drafting	2025-06-30	GB/T 8165-2025
Xiangtan Steel	Nickel and nickel alloy welding electrodes	National standard	Participating in drafting	2025-06-30	GB/T 13814-2025
Xiangtan Steel	Nickel and nickel alloy solid welding wires and strips	National standard	Participating in drafting	2025-06-30	GB/T 15620-2025
Xiangtan Steel	Steel plates and strips for pressure equipment—Part 8: Roll-bonded clad steel plates of homogeneous and dissimilar metals	National standard	Participating in drafting	2025-08-01	GB/T 713.8-2025
Xiangtan Steel	General requirements for packaging, marking, and quality certificates for steel plates and strips	National standard	Participating in drafting	2025-08-01	GB/T 247-2025
Xiangtan Steel	Flux-cored wires for gas-shielded arc welding	National standard	Participating in drafting	2025-08-01	GB/T45857-2025
Xiangtan Steel	Iron ores—Determination of arsenic content—Distillation separation-molybdenum blue spectrophotometric method	National standard	Leading drafting	2025-08-29	GB/T 6730.46-2025
Xiangtan Steel	Structural steel plates for wind power towers	National standard	Participating in drafting	2025-08-29	GB/T 28410-2025
Xiangtan Steel	Steel wire rod for welding	National standard	Participating in drafting	2025-08-29	GB/T 3429-2025
Xiangtan Steel	Permissible deviations in product chemical composition of steel and alloys	National standard	Participating in drafting	2025-08-29	GB/T 222-2025
Xiangtan Steel	Thiocyanate method for chromium determination	National standard	Participating in drafting	2025-08-29	GB/T 4236-2025
LY Steel	Stainless steel clad plates and strips	National standard	Participating in drafting	2025-06-30	GB/T 8165-2025
LY Steel	Full-process cold-rolled electrical steel—Part 2: Grain-oriented electrical steel strip (sheet)	National standard	Participating in drafting	2025-08-29	GB/T 2521.2-2025
LY Steel	General requirements for surface quality of hot-rolled steel plates	National standard	Participating in drafting	2025-08-29	GB/T 14977-2025
LY Steel	Cold-rolled steel sheets and strips for home appliances	National standard	Participating in drafting	2025-08-29	GB/T 30068-2025
LY Steel	Steel plates and strips for hydrogen transportation and storage pipelines	National standard	Participating in drafting	2025-10-31	GB/T 46598-2025
LY Steel	Structural steel for bridges	National standard	Participating in drafting	2025-10-31	GB/T 714-2025
LY Steel	Methods of measurement for geometrical characteristics of electrical steel strip and sheet	National standard	Participating in drafting	2025-10-31	GB/T 46476-2025
HYST	Large-diameter extra-heavy-wall seamless steel tubes for thermal power generating units	Group standard	Participating in drafting	2025-01-15	T/CIET 985-2025
HYST	Seamless steel tubes for petroleum cracking and chemical equipment	National standard	Leading drafting	2025-06-30	GB/T 9948-2025
HYST	Seamless machined steel tubes for structural use	National standard	Participating in drafting	2025-06-30	GB/T 45781-2025
HYST	Seamless steel tubes for ships	National standard	Participating in drafting	2025-08-29	GB/T 5312—2025
HYST	Technical specification for quality control of continuous casting billets	Group standard	Participating in drafting	2025-09-24	T/CAPS 048—2025

Enhancing Public Well-Being

Valin Steel has consistently integrated a strong sense of social responsibility with the pursuit of high-quality corporate development. Through concrete actions, the Company has fulfilled its obligations as a corporate citizen and written a meaningful chapter in advancing public well-being.

Advancing Rural Revitalization

Valin Steel has earnestly carried out rural revitalization initiatives, continuously promoting industrial assistance, educational assistance, and consumption-based assistance to raise the overall level of rural revitalization and demonstrate the responsibility of a state-owned enterprise in advancing all-around rural revitalization.

Key Performance

- Total investment in rural revitalization: **RMB 10.22** million
- Number of beneficiaries of rural revitalization initiatives: **9,521**

Consumption-Based Assistance

By leveraging the resource advantages of the assisted regions, the Company has continuously promoted local economic development and social progress in rural areas. In 2025, Valin Steel and its subsidiaries purchased consumption-based assistance products through multiple channels, with cumulative spending of RMB 9.86 million, effectively helping local farmers increase their income.

Case **Xiangtan Steel | Targeted Procurement Supported Consumption-Based Assistance**

Xiangtan Steel introduced an innovative targeted procurement assistance model, proactively supporting distinctive local industries and establishing long-term, stable procurement partnerships with multiple assisted villages and townships. For high-quality local agricultural products, handicrafts, and other specialty products, Xiangtan Steel carried out targeted procurement through employee welfare purchases and direct sourcing for staff canteens, while also organizing volunteer teams to provide on-site support in rural areas, helping local residents increase their income in a tangible way.

Industrial Assistance

Through targeted assistance, the Company has helped stimulate endogenous momentum for rural revitalization. We have both injected new vitality into specialty agricultural industries and built growth pathways for projects integrating agriculture, culture, and tourism, promoting a virtuous cycle in which enterprises drive development, farmers participate, production and sales are smoothly connected, and collective income increases, so that the results of industrial assistance truly benefit local communities.

Conducting on-site assessments and identifying development pathways

VAMA management visited Yunpan Village, Doulishan Town, Lianyuan City, to hold discussions on industrial development. In response to the challenges faced, VAMA management proposed preliminary suggestions such as introducing soilless fodder cultivation and expanding e-commerce sales channels, while also gaining an in-depth understanding of the existing "cooperative + farmers" operating model and the state of the village collective economy, so as to support coordinated industrial planning.

Pooling resources to improve industrial efficiency

LY Steel supported Shuangyuan Village in Shuangfeng County, Loudi City, in tapping into its natural landscape and red cultural resources, improving exhibition halls and scenic area infrastructure, and investing more than RMB 300,000 in tourism facilities, which increased annual collective village income by more than RMB 50,000. LY Steel also supported Tanshan Village in Qiaotouhe Town in leveraging the "Vegetable Town" brand to integrate cultivation and sales, with growers expected to increase income by RMB 15,000 per mu. In addition, LY Steel provided focused support to Wuyunshan Agriculture Co., Ltd.'s white tea base of more than 300 mu, which achieved an annual output value of more than RMB 3 million.

LY Steel supported a 300-mu white tea base in Lianyuan City

Employment Assistance

The Company has consistently treated employment assistance as a core means of fulfilling its social responsibility, actively taking on the responsibility of stabilizing employment and safeguarding livelihoods. Focusing on key groups such as residents in priority rural revitalization areas, urban groups facing employment difficulties, and college graduates, the Company established a green channel for employment assistance through an integrated model of "skills training + targeted recruitment + job incubation".

LY Steel

Throughout the year, the Company provided employment information more than 10 times, delivered employment training to more than 150 person-times, created public welfare positions such as cleaners and forest rangers, and recommended individuals for work in poverty alleviation workshops within villages and elsewhere within and outside the province. In total, more than 100 employment placements were arranged for formerly impoverished individuals, helping local residents achieve stable income growth.

VAMA

The Company also visited Yunpan Village in Mayang County to extend support to 3 outstanding graduating college students, providing financial assistance and development guidance to support rural education and talent cultivation.

Yangchun New Steel

In addition, the Company jointly organized a recruitment event for veterans, successfully recruited 2 veterans, and contributed to local employment stability.

Contributing to Public Welfare

Valin Steel actively fulfills its corporate social responsibility by making efforts across multiple areas, including public welfare and charity, volunteer services, and emergency rescue. Each subsidiary carried out diversified public welfare initiatives in light of its own circumstances, conveying the warmth of a state-owned enterprise through concrete action.

Among them, Xiangtan Steel focused its public welfare efforts on student support, elderly care, and disability assistance, raising and distributing charitable funds and materials with a total value of nearly RMB 200,000. During the same period, Xiangtan Steel carried out 274 volunteer service activities, with participation totaling 4,347 person-times and service hours totaling 11,556.5, and was shortlisted as a candidate for the national "Four 100" Best Volunteer Service Organization list. LY Steel's labor union distributed more than RMB 1.65 million in various subsidies and support payments, benefiting more than 6,000 person-times, including hospitalized patients, retirees, and persons with disabilities, while also organizing Lei Feng volunteer activities, voluntary blood donation, and sponsorship of local cultural and sports events. HYST organized multiple voluntary blood donation activities for employees throughout the year. VAMA's safety experts were invited on multiple occasions to provide safety training and exchanges for surrounding enterprises, supporting the safe development of the industry through professional expertise. Yangchun New Steel organized 65 employees to participate in voluntary blood donation, while its fire protection brigade handled 6 fire incidents during the year and successfully rescued one trapped individual in a traffic accident, making a broad contribution to society.

LY Steel visited and extended support to elderly people living alone

Key Performance

- Funds invested in social contribution activities: **RMB 24.62** million
- Participants in social contribution activities: **14,065** person-times
- Total volunteer service hours: **30,773** hours
- Average volunteer service hours per volunteer: **1.33** hours

Case HYST | Voluntary Blood Donation Delivered Social Warmth

In August 2025, HYST organized nearly 300 employees to participate in Hengyang's 2025 voluntary blood donation campaign and received a special note of appreciation from the Hengyang Central Blood Station, demonstrating the Company's compassion and sense of responsibility through voluntary blood donation.

Building Harmonious Communities

Valin Steel adheres to the concept of integrated development between communities and enterprises, promoting positive interaction between its subsidiaries and surrounding communities. Through regular co-building activities, targeted services, and diversified initiatives, the Company has worked to create a harmonious community environment featuring joint participation, joint governance, and shared benefits. At the same time, through regular community forums, factory open days, suggestion boxes, and other measures, the Company has ensured convenient and efficient communication with communities.

Among them, Xiangtan Steel established a regular co-building mechanism with Chunchongtang Community, including a weekly "Co-Building Activity Day" every Friday and monthly civility promotion activities on designated road sections. Through actions such as sanitation cleaning, facility repair, waste sorting promotion, and the establishment of a "Caring Hair Salon", Xiangtan Steel improved the community living environment and extended holiday visits to more than 400 households in special-needs groups during traditional festivals. LY Steel regularly held district work meetings to promote knowledge relating to safety, fire prevention, and anti-fraud, and led visits to 3 communities to hold discussion-based research meetings on better approaches to integrated community-enterprise development, while also providing regular assistance to more than 2,300 person-times of elderly people facing hardship, living alone, or suffering serious illness. HYST organized all employees to participate in the 2025 "One-Day Charity Donation" campaign, raising RMB 116,029.10, and also carried out regular Lei Feng volunteer activities and fire assistance programs. VAMA built a community governance model featuring multi-party coordination and source-based governance, visited more than 300 community merchants and residents, helped resolve neighborhood disputes and environmental issues, and provided legal awareness and risk prevention training to community residents, effectively improving community safety awareness.

Governance

Building on Sound Governance to Safeguard the Steady Development of the Steel Business

Valin Steel regards outstanding corporate governance as the foundation for its steady development. The Company upholds and strengthens the Party's overall leadership, continuously improves a modern corporate governance system with clear powers and responsibilities and coordinated operation, and integrates compliance management and risk control into the full process of decision-making and operations. Through sound decision-making, effective supervision, and clear accountability, the Company safeguards its long-term and steady progress on the path of high-quality development.

Responded to SDGs

Upholding the Leadership of Party Building

Valin Steel adheres to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as its guide, fully aligns with the overall requirements for Party building in the new era, and deeply integrates Party building with corporate reform and development, production and operations, as well as transformation and upgrading. This integration provides a strong driving force of Party leadershipfor the Company in addressing market challenges and pursuing high-quality development.

Building Consensus Through Ideological Guidance

The Company upholds the study and implementation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as its primary political task. We have refined the practice of treating the Party's latest theoretical developments as the "first item for study and deliberation" in relevant meetings. Through various channels—including theoretical study sessions of the Party committee, thematic reading workshops, Party lecture series, and warning education—the Company delivers tailored learning programs to different management levels and employee groups. These efforts ensure the Party's innovation theories are not only deeply comprehended but also translated into concrete action.

Xiangtan Steel

Organize **42** sessions on the "first item for study and deliberation" and **19** Party committee theoretical study group sessions, reaching over **8,000** participant attendances among Party members, management, and personnel in sensitive positions.

LY Steel

Take the study of the guiding principles of the 20th CPC National Congress and the third and fourth plenary sessions of the 20th CPC Central Committee as a core political task. organize centralized study and discussion sessions in **245** Party branches; and arrange for more than **280** Party organization secretaries to deliver thematic Party lectures.

HYST

Conduct **27** study sessions on the "first item for study and deliberation" and **17** Party committee theoretical study group sessions throughout the year; and organize **4** reading workshops and launch the "Hengshan Forum" Party building quality and branding training program.

VAMA

Deliver **5** thematic Party lectures by members of the Party committee leadership team and **50** micro-Party lectures by Party members; organize **52** centralized study and discussion sessions by Party branches; and achieve a **100%** participation rate in online training programs.

Yangchun New Steel

Organize **4** reading workshops for the leadership team; carry out more than **200** learning activities through themed Party Day programs; complete **686** person-times of thematic online training on the SASAC e-learning platform; and promote the implementation of the Party's innovative theories through knowledge competitions and similar activities.

Submission ceremony for responsibility letters on Party

Study session on the guiding principles of the Fourth Plenary Session of the 20th CPC Central Committee

Strengthening the Grassroots Foundation and Consolidating Fighting Fortresses

The Company has maintained a clear focus on strengthening the grassroots foundation, optimized the setup of grassroots Party organizations, and, in line with the principles of business relevance, geographic proximity, and ease of management, established Party organizations in parallel across key projects, critical areas, and upstream and downstream segments of the industrial chain, achieving full coverage of Party organizations and Party work with no blind spots. The Company improved the institutional framework for grassroots Party building, strengthened basic mechanisms such as the "Three Meetings and One Lecture" system and democratic evaluation of Party members, stimulated the vitality of mass organizations, and formed a working pattern featuring Party building leadership and coordinated action by mass organizations.

The Company also continued to deepen the integration of Party building with production and operations. Focusing on key tasks such as major priorities and difficult issues in production and operations, project breakthroughs, and cost reduction and efficiency enhancement, the Company carried out more than 1,200 initiatives such as "Secretaries Tackling Difficult Problems" and "Party Members Delivering Outstanding Results", translating Party building achievements into tangible business performance. 4 cases were selected as outstanding cases in the provincial SASAC's "Hundreds, Thousands and Tens of Thousands" (large-scale model case selection initiative) program, while 15 grassroots Party organizations, 17 Party members, and 6 Party affairs workers received "Two Excellent and One Advanced" commendations from the provincial SASAC.

Building Party Brands to Enhance Corporate Image

The Company has cultivated a Party building brand system with distinctive corporate characteristics, continuously identifying role models, organizing cultural activities, and strengthening communication and promotion, bringing people together through brand building and projecting a strong corporate image.

Xiangtan Steel

Deepen the development of the "Striving Pioneer" Party-building brand; build a digital and integrated media communications matrix; appear 6 times throughout the year on CCTV News and in the *People's Daily*; and win the First Prize of the National Corporate Culture Achievement Awards for the project Forging the Soul of Culture, Tempering the Steel of the Brand.

LY Steel

Develop distinctive Party-building brands such as "Party Building Leadership, Deepening Safety Culture"; win the Second Prize for Innovation and Technical Achievement in SOE Party Building; and strengthen cohesion through cultural activities such as the "Steel BA" basketball event and plant-area mini-marathons.

HYST

Organize thematic training on building high-quality Party-building brands; issue more than 196 editions of the *Company Updates Bulletin*; and continuously enhance recognition of its Party-building brands.

VAMA

Develop a "cooperation and win-win" Party-building brand; promote the integration of Party building into five major areas, including strategic objectives and business management; carry out activities such as "three highlights and three comparisons"; recognize 25 recipients of "Two Excellent and One Advanced" honors; and set new records in both Alusi output and ultra-thin-gauge output.

Yangchun New Steel

Closely align with the requirements of the "Striving Pioneer" Party-building brand; strengthen brand communication through Party affairs disclosure boards, knowledge competitions, and similar activities; deepen the integration of Party building with the development of a refined enterprise; and project an image of lean production excellence.

Strengthening Discipline and Work Conduct to Safeguard the Bottom Line of Development

The Company unswervingly advanced full and rigorous Party self-governance, placed political development at the forefront, and treated the in-depth study and implementation of the spirit of the Central Party leadership's eight-point decision on improving work conduct as an important political task, building a closed-loop working system of learning, review, rectification, and governance. The Company strengthened its institutional safeguards, revised systems and procedures in key areas such as tendering and competitive negotiation, official reception, and supplier management, and closed management loopholes. The Company also improved long-term mechanisms for inspection rectification to ensure that corrective actions are thorough and effective. Focusing on key areas and critical links, the Company regularly carried out targeted rectification in areas such as improper personal gains derived from association with the enterprise and risks in overseas projects, fostering a pattern of precise and sustained rectification and creating a clean and upright political ecology and business environment.

Standardizing Corporate Governance

Valin Steel has continuously strengthened corporate governance, adhered to the principle of operating with integrity, treated investors, shareholders, customers, and suppliers with consistent sincerity, and shared the fruits of development with all stakeholders. At the same time, the Company strictly complies with laws, regulations, and regulatory requirements applicable to listed companies, and has established a systematic and well-developed modern corporate governance system to support high-quality development through sound governance.

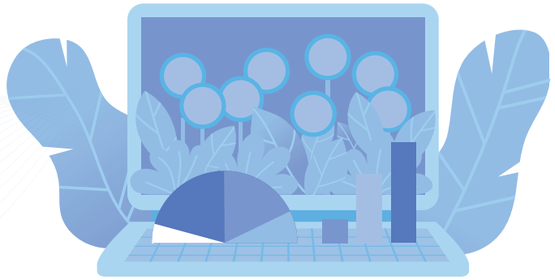
Improving the Governance Structure

The Company strictly follows the requirements of laws, regulations, and normative documents including the *Company Law of the People's Republic of China and the Securities Law of the People's Republic of China*. In accordance with the Articles of Association and internal control systems, the Company standardizes business decision-making processes, continuously improves its corporate governance structure, and has established and refined a corporate governance mechanism centered on the Board of Directors, with clearly defined responsibilities and effective checks and balances among the shareholders' meeting, the Board of Directors, the board of supervisors, and management. The Company's CEO serves as Chairman of the Board. The Board consists of 9 directors, including 3 independent directors and 2 external directors. Its members bring professional backgrounds spanning management, technology, finance, and financial services, providing diversified professional support for strategic decision-making and risk control. The Board has established three categories of specialized committees to carry corporate governance principles through all levels of operation and to ensure both compliant management and efficient business execution. With the exception of the Strategy and ESG Committee, independent directors hold a majority of seats on all Board specialized committees and serve as conveners. Within the scope of their authority, they diligently perform their duties, effectively safeguarding the independence and fairness of audit, internal control, and the assessment and appointment of directors and senior executives.

The Company actively advanced the optimization of its governance system. At the 30th meeting of the Eighth Board of Directors, the Company reviewed and approved the Proposal on Revising the Articles of Association and Eliminating the Board of Supervisors, under which the board of supervisors will no longer be established. The Company also promoted the renaming of the Strategy Committee to the Strategy and ESG Committee, adding sustainability- and ESG-related management functions to support the Board in formulating dedicated policies and overseeing their implementation.

Key Performance

- Number of shareholders' meetings held: **4**; Number of proposals approved at shareholders' meetings: **24**
- Number of Board meetings held: **10**; Number of proposals approved by the Board: **57**
- Number of Nomination and Remuneration Assessment Committee meetings held: **3**; Number of Audit Committee meetings held: **4**; Number of Strategy and ESG Committee meetings held: **3**; Number of special meetings of independent directors held: **6**
- Average tenure of Board members: **3.57** years



Board Development

The Company continued to strengthen Board development, revised the *Independent Director System*, steadily advanced Board diversity, improved mechanisms safeguarding the performance of independent directors' duties, effectively protected the interests of minority shareholders, and promoted standardized corporate operation.

Board Diversity

- Consider factors such as gender, age, educational background, professional competence, professional qualities, and work experience in the selection and appointment of directors, ensuring that independent and external directors together account for more than half of the Board, with a balanced mix of experienced and newly appointed members and an appropriate combination of professional backgrounds.
- Increase the proportion of independent directors and female directors, and continue advancing gender diversity on the Board so as to strengthen strategic decision-making through more diverse perspectives.
- Formulate the *Rules of Procedure of the Board of Directors* to further enhance governance transparency; require the presence of more than half of all directors for a Board meeting to be convened; set the minimum attendance rate for Board meetings at 50%. During the reporting period, the average attendance rate of the Company's Board members at Board meetings reached 100%.

Safeguards for the Performance of Independent Directors' Duties

- Require independent directors to strictly comply with the *Company Law*, other relevant laws and regulations, and the Articles of Association; perform their duties with loyalty and diligence; conduct prudent reviews of major matters such as director nominations, appointments of senior executives, profit distribution, and related-party transactions; and safeguard the lawful rights and interests of all shareholders, especially minority shareholders.
- Provide comprehensive support for the performance of independent directors' duties, including regular research visits, monthly operating information briefings, and thematic communication sessions; ensure that independent directors hold a majority of seats on all Board specialized committees and serve as conveners; enable them to provide professional opinions on matters including macro-strategic research, safety and environmental protection control, and capital operation planning; and secure strong attention to and active adoption of their recommendations by management.

Composition of the Board of Directors of Valin Steel

Position	Representative	Gender	Professional Background	Board of Directors	Strategy and ESG Committee	Audit Committee	Nomination and Remuneration Assessment Committee
Chairman	Li Jianyu	Male	Industry management (Senior Engineer; experience in steel production and operations)	●	●		
Director	Yang Xianghong	Male	Industry management and financial management (former Chief Financial Officer; MBA)	●			
Director	Xie Jiuyuan	Male	Industry management (Senior Engineer; experience in strategy and manufacturing management)	●			●
Director	Ma Peiqian	Male	management and financial management (experience in bank credit and investment management)	●		●	
Director	Zheng Shengbin	Male	Industry management (Senior Engineer; experience in steel production management)	●			
Director	Zhang Xuhong	Male	Risk management (LL.B.; experience in corporate compliance and management)	●			
Independent director	Jiang Yanhui	Female	Financial management (Master of Accounting; Ph.D. in Management Science and Engineering; accounting expert)	●		●	●
Independent director	Xiao Haihang	Male	Industry management (Senior Engineer; electrical and automation specialist; industry association expert)	●		●	
Independent director	Yuan Guo	Male	Industry management (Ph.D. in Materials Processing Engineering; expert in digital steel)	●	●		●

Gender	Male	8		88.89%
	Female	1		11.11%
Director Category	Internal directors (including the Chairman)	4		44.44%
	Independent director	5		55.56%
Professional Background	Industry/Technology Management	7		77.78%
	Finance/Financial Management	3		33.33%
	Law/Risk Management	2		22.22%
Highest Education Attained	Doctoral degree holders	2		22.22%
	Master's degree holders	4		44.44%
	Bachelor's degree holders	3		33.33%
Age Structure	Aged 35-45	2		22.22%
	Aged 46-55	4		44.44%
	Aged 56 and above	3		33.33%

Key Performance

- Number of independent and external directors: **5**, representing **55.56%**[2]
- Number of female directors: **1**, representing **11.11%**
- Proportion of independent directors serving more than six years: **0%;** Proportion of independent directors serving on the boards of more than three listed companies: **0%**
- Proportion of independent directors on the Audit Committee: **66.67%**; Proportion of independent directors on the Nomination and Remuneration Assessment Committee: **66.77%**

[2] As approved at the Company's first extraordinary general meeting of shareholders of 2026 on February 9, 2026, Zhang Xuhong was elected as a non-independent director of the Ninth Board of Directors and serves as an external director.

Preventing and Controlling Compliance Risks

Internal Control and Risk Management

Valin Steel has established and advanced its internal control and enterprise-wide risk management framework in strict accordance with regulatory requirements, including the *Basic Standard for Enterprise Internal Control and the Guidelines on Enterprise-wide Risk Management for Central Enterprises*, and in alignment with the Articles of Association. To this end, the Company formulated two core policies: *the Measures for Internal Control Management and the Enterprise-wide Risk Management Policy*. The Company places strong emphasis on strengthening risk awareness, compliance consciousness, and the development of professional talent. We have guided subsidiaries at all levels to deliver compliance training closely aligned with their business needs, covering topics such as the new *Company Law*, investment management, anti-money laundering, contract management, and regulatory policies, while also carrying out diversified legal awareness activities.

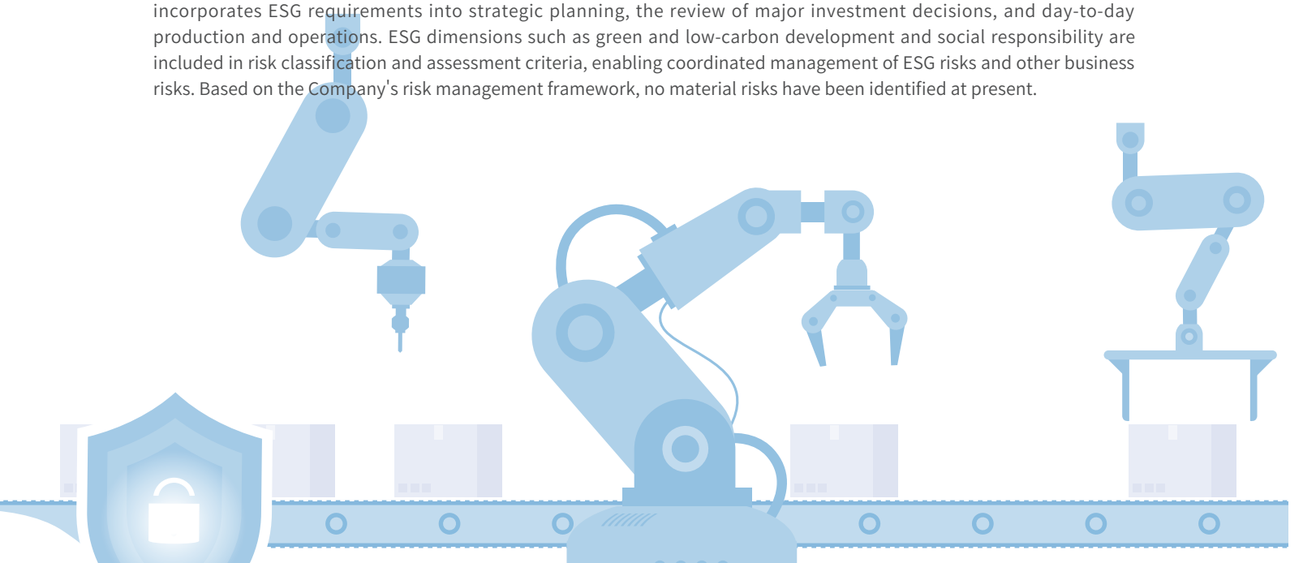
Key Performance

- Participants in internal control, risk management, and compliance training: more than **1,200** person-times

Across key operational and management areas such as sales, procurement, production, investment, capital management, and budgeting, the Company has established supporting internal control systems covering strategic planning, equity investment, contract management, and other areas. These systems clearly define approval authorities, operating procedures, and control standards for each process, strengthen process control and supervision, and ensure that internal controls are embedded throughout all stages and aspects of business management, effectively preventing and mitigating operational risks and ensuring that the Company's operations are conducted in a compliant, orderly, and efficient manner.

Following the logic of "standards first, identification and assessment, response and treatment, focused monitoring, and reporting and review", the Company has established a closed-loop risk management system. Based on unified risk standards, the Company identifies risks and develops a risk database, risk registers, and risk maps; formulates and implements response measures for identified risks; builds a closed loop of identification, rectification, and verification; and carries out monitoring, reporting, post-event review, and annual assessment of major risk events, achieving full-process closed-loop management and continuous improvement.

Based on the above risk management logic and framework, the Company has fully embedded ESG risk factors into the entire risk management process. With overall coordination by the Board's Strategy and ESG Committee, the Company incorporates ESG requirements into strategic planning, the review of major investment decisions, and day-to-day production and operations. ESG dimensions such as green and low-carbon development and social responsibility are included in risk classification and assessment criteria, enabling coordinated management of ESG risks and other business risks. Based on the Company's risk management framework, no material risks have been identified at present.



Implementing tiered and categorized risk management

The Company clearly assigns primary responsibility for "risk management" and "managing risks" respectively to the Internal Control and Audit Department and the functional departments, establishing an overall internal control framework centered on the Internal Control and Audit Department, management, the Audit Committee, and the Board of Directors.

Tiered management: Establishing a three-tier risk control structure

The Company has established a three-tier risk management structure covering headquarters, first-level enterprises, and second-level and lower-level enterprises, and implements tiered risk response measures and graded risk control based on the business characteristics and key risk exposures at each level.

Categorized management: Building the three lines of defense for risk management

In accordance with the principle of risk ownership by function, the Company allocates different categories of risk to the corresponding business units and functional departments, achieving categorized risk management and building a clear three-lines-of-defense structure.

First line of defense: Business units and functional departments, as the primary risk owners, are responsible for frontline risk prevention and control.

Second line of defense: Risk management departments and management are responsible for overall coordination, supervision, and guidance of risk management.

Third line of defense: The Board of Directors and its Audit Committee are responsible for final oversight of risks and approval of key decisions.

Audit Oversight

The Company engaged ShineWing Certified Public Accountants (Special General Partnership) as its internal control audit firm for 2025. The firm issued a standard unqualified opinion on the effectiveness of the Company's internal control over financial reporting, confirming that the Company maintained effective internal control over financial reporting in all material respects, while also reviewing the status of internal control over non-financial reporting. The Company's previous internal control audit firm was Tianjian Certified Public Accountants (Special General Partnership). This change was intended to better align financial statement audits with internal control audits and improve overall efficiency. The Company communicated with Tianjian in advance and obtained its confirmation of no objection. The change complied with the *Measures for the Selection and Appointment of Accounting Firms by State-owned Enterprises and Listed Companies* and was reviewed without objection by the Audit Committee and the Board of Directors.

In addition, through measures such as continuously optimizing internal control processes and achieving full three-year coverage of internal control effectiveness evaluations across subsidiaries at all levels, the Company has effectively safeguarded the operational effectiveness of its internal control system.

In 2025, audit departments at all levels strictly implemented regulatory requirements and focused closely on the objectives of "strengthening internal audit, preventing risks, promoting compliance, and creating value." Concentrating on key areas and critical links, they worked to break down the boundaries between audit, risk management, and legal and compliance functions, building an integrated framework for risk oversight across the Company.

Business Ethics

Anti-Bribery and Anti-Corruption

The Company has continued to deepen the development of a "Clean Steel" culture, actively practiced the core value of "putting strivers first", and strongly promoted the values of responsibility, integrity in professional conduct, and honest business operations. Requirements for integrity have been comprehensively embedded in all aspects and areas of the Company's internal management and external cooperation. The Company formulated and improved integrity-related systems, including the *Implementation Measures for Enforcing the Decision-Making System for Major Matters, Major Personnel Appointments and Removals, Major Project Arrangements, and Large-Sum Fund Operations, the Measures for Post-Investment Management of Equity Investments, the Measures for Accountability for Losses Arising from Non-Compliant Operations and Investments, and the Notice on Issuing the "Red Line" Rules for the Performance of Duties by Senior and Mid-level Management Personnel*. These systems clearly define anti-corruption requirements for internal and external stakeholders and systematically advance the development of a "Clean Steel" culture. At the same time, the Company has incorporated matters such as employees' professional ethics, fraud for personal gain, and integrity in performing public duties into its employee reward and disciplinary system, strictly upholding disciplinary red lines, resolutely prohibiting any form of improper benefit transfer, and continuously reinforcing an organization-wide line of defense for integrity and honesty.

For third-party partners such as suppliers, contractors, and service providers, the Company has established a full-process, multi-level anti-corruption oversight system, clearly communicated compliance expectations, and sought to prevent risks such as third-party commercial bribery and improper transfer of benefits.

Deepening Learning and Education. The Company carried out in-depth study and education on implementing the spirit of the Central Party leadership's eight-point decision on improving work conduct, advanced learning, review, and rectification in an integrated manner, convened 395 warning education sessions, and identified and rectified 135 issues.

Sustaining Integrity Education as a Standard Practice. The Company innovatively organized themed activities such as "Good Family Traditions, Good Inheritance" and extensively carried out the "Five Ones" integrity education program: delivering one integrity-focused Party lecture, conducting one integrity-themed home visit, issuing one integrity risk reminder letter, holding one high-quality integrity conversation, and presenting one set of integrity-themed books. During the year, 214 pre-appointment integrity interviews were conducted, helping integrate integrity values into daily work and embed them in employees' thinking.

Strengthening Targeted Control of Integrity Risks. The Company improved its dynamic integrity risk reminder mechanism. Discipline inspection and supervision bodies at all levels issued 88 integrity risk reminders and urged rectification of 164 issues, continuously reinforcing the integrity risk prevention and control network.

In January 2025, the Secretary of the Discipline Inspection Commission of Yangchun New Steel conducted integrity education training for mid-level managers, general supervisors, and part-time discipline inspection officers

In February 2025, LY Steel organized the 2025 Conference on Party Conduct and Clean Governance and Anti-Corruption Work

Key Performance

- Coverage rate of operational sites subject to corruption risk assessment: **100%**

Whistleblowing and Complaint Channels

Valin Steel consistently upholds the principle of putting people first, fully respects employees who report concerns, provide leads, or cooperate with investigations, and is committed to conducting thorough reviews and prompt handling of all reports of misconduct. In accordance with applicable rules, discipline, and laws, the Company adopts targeted corrective measures, including but not limited to policy clarification, strengthened education and training, process and mechanism optimization, and serious accountability measures.

The Company fully respects every employee who raises concerns or makes a report and, in accordance with the law, protects the lawful rights and interests of employees who are subject to investigation. The Company also ensures, in accordance with applicable laws, rules, and discipline requirements, that employees are not subjected to improper treatment for reasonably expressing concerns or reporting misconduct or illegal acts. Any individual or relevant party that retaliates against a whistleblower will be held seriously accountable in accordance with the rules, and in serious cases the labor contract will be terminated.

Valin Steel Whistleblowing and Complaint Channels

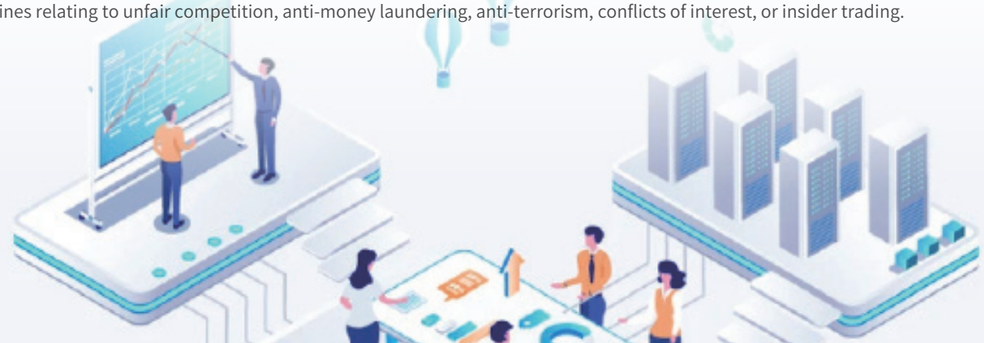
Mailing address: Room 1102, Discipline Inspection Commission, Valin Steel, No. 222 Xiangfu West Road, Tianxin District, Changsha, Hunan 410004

Whistleblowing box location: Beside the elevator on the 1st floor of the main building of Valin Steel, No. 222 Xiangfu West Road, Tianxin District, Changsha, Hunan

Reporting hotline: 0731-12388

Anti-Unfair Competition

The Company places great importance on preventing unfair competition and fostering a fair competitive environment, and has strengthened its compliance safeguards from multiple dimensions. Through a dedicated compliance management system, the Company regularly conducts internal audits and compliance inspections to promptly prevent acts of unfair competition. The Company also actively strengthens industry self-discipline, opposes improper practices such as malicious low-price competition and false advertising, improves its price management system to regulate pricing, and strengthens intellectual property protection to guard against infringement and information leakage. Through transparent tendering procedures and integrity agreements, the Company has also reinforced its defenses against commercial bribery. At the same time, the Company closely monitors market developments, protects its rights in accordance with the law, reports malicious competitive conduct, promotes the establishment of a fair competition environment, and carries out regular compliance training with a focus on anti-monopoly and fair competition topics to strengthen employees' risk awareness and prevention capabilities. In addition, the Company advances digital and transparent management to enhance the traceability and oversight of business processes. During the reporting period, the Company did not incur any fines relating to unfair competition, anti-money laundering, anti-terrorism, conflicts of interest, or insider trading.



Safeguarding Shareholder Rights and Interests

Valin Steel attaches great importance to the protection of shareholder rights and interests, effectively safeguards shareholders' lawful rights, ensures that shareholders can lawfully exercise decision-making and oversight rights, strictly regulates information disclosure management, fully protects shareholders' right to know, and maintains diversified communication channels to safeguard the lawful rights and interests of all shareholders.

Shareholder Rights

The shareholders' meeting is the Company's supreme authority. The Company attaches great importance to protecting shareholders' lawful rights and interests, actively builds communication bridges, and invites shareholders to participate in shareholders' meetings. Through the official website, the Company promptly discloses key materials including annual reports, semi-annual reports, quarterly reports, and various ad hoc announcements and circulars, providing shareholders with convenient access to information. During the reporting period, the Company convened a total of 4 shareholders' meetings.

Key Performance

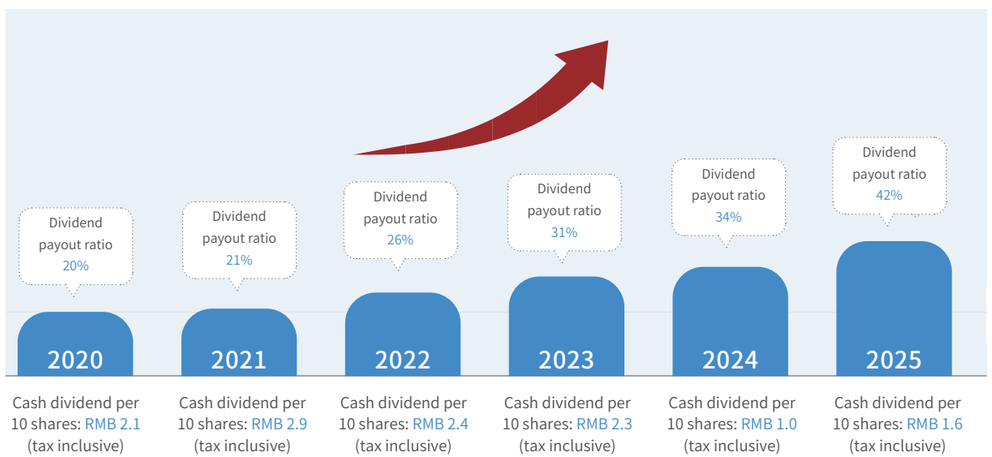
- Shareholding ratio of senior executives: **0%**
- Share pledge ratio: **0%**

Returning Value to Shareholders

Increasing the Cash Dividend Payout Ratio

The Company adheres to a prudent and sustainable dividend policy and dynamically updates its Three-Year Shareholder Return Plan. In principle, the cumulative profit distributed in cash over the most recent three years shall be no less than 30% of the average annual distributable profit realized in those three years. In addition, the total cash dividends for the year, including any interim cash dividends already distributed, shall be no less than 20% of the Company's net profit attributable to shareholders of the parent company for that year.

From 2021 to 2024, the Company's cash dividend payout ratios were 21%, 26%, 31%, and 34%, respectively, achieving steady year-by-year growth. For 2025, while balancing capital expenditures and dividends, the Company continued to return value to investors with strong commitment. The Company has declared a cash dividend of RMB 1.60 (tax inclusive) for every 10 shares, amounting to total cash dividends of RMB 1.096 billion. The cash dividend payout ratio reached 42% of the Company's net profit attributable to shareholders of the parent company for 2025, representing a further increase of 8 percentage points over the previous year.



Implementing Share Repurchase and Cancellation

In response to investor concerns, the Company convened the 28th meeting of the Eighth Board of Directors on January 20, 2025, and the first extraordinary general meeting of shareholders of 2025 on February 14, 2025, at which it approved its first-ever share repurchase plan since listing. The plan clearly specified that the repurchased shares would be cancelled and the registered capital reduced accordingly.

The Company completed the repurchase of a cumulative total of 56.02 million shares for a total repurchase amount of RMB 279 million. Together with the cash dividends declared under the 2024 profit distribution plan during the reporting period, shareholder returns accounted for 47.5% of the Company's net profit attributable to shareholders of the parent company for 2024, reaching a record high since listing and ranking in roughly the top one-third among more than 5,000 A-share listed companies and within the steel sector.

Information Disclosure

The Company strictly complies with laws and regulations including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange*, and the *Guidelines for Fair Information Disclosure of Listed Companies, and revised its Information Disclosure Management System*. The Company has established a regular internal review process for information disclosure and continuously improves the efficiency and quality of information disclosure to ensure that disclosed information is true, accurate, complete, timely, and fair, and to eliminate false records, misleading statements, or material omissions, effectively safeguarding investors' lawful rights and interests. At the same time, through designated channels including the *China Securities Journal, the Securities Times*, CNINFO, and the website of the Shenzhen Stock Exchange, the Company promptly discloses information that may have a material impact on investor decision-making and the Company's share price, and fully reveals potential risks.

Key Performance

- Number of statutory announcements prepared and disclosed: **142**; Information disclosure rating from the Shenzhen Stock Exchange: Class **A** for the seventh consecutive year
- Ranking among companies listed in Shanghai and Shenzhen: top **3.28%**
- Award received: "**2025 Best Practice Award for Board Office**" from the China Association for Public Companies (CAPCO)

Shareholder Communication

Introducing Long-Term Active Shareholders

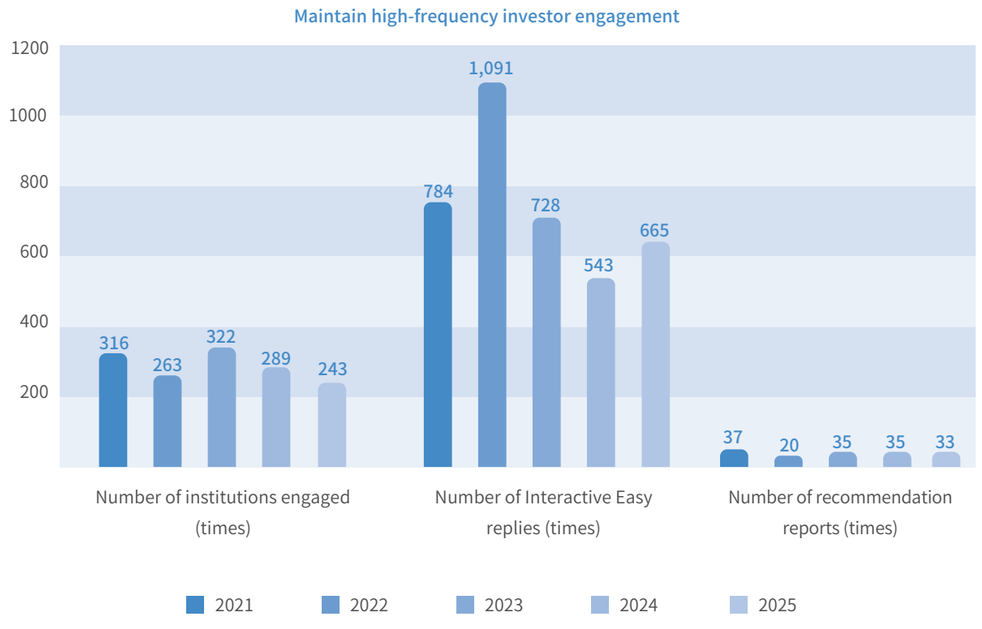
The Company actively responded to the policy call to improve the modern enterprise system with Chinese characteristics and support listed companies in introducing institutional investors holding more than 5% of shares as active shareholders, and proactively engaged in communication with long-term capitalproviders such as insurance institution.

During the reporting period, the Company successfully introduced Xintai Life, under Hunan Province-owned enterprise Wuchan Zhongda, as an active shareholder holding more than 5% of the Company's shares. Through continued purchases in the secondary market, Xintai Life increased its holding to 7.97%. Xintai Life has nominated one director to the Company. With a financial background, this director contributes to the continued diversification of the Board and brings more diverse perspectives to the Company's strategic decision-making.

Strengthening Investor Relations Management

The Company actively implements the principle of being investor-oriented and continuously improves and strengthens investor relations management. Through various means such as investor roadshows, participation in investor strategy meetings, and reception of investor research visits, the Company has maintained a visible presence in the capital market. The Company also regularly holds performance briefings through written interaction, livestreaming, and other channels, and promptly communicates operating information. The Company actively collects and analyzes market views on the investment value of the listed company, reasonably guides investor expectations, and proactively listens to investors' opinions and suggestions. Through channels such as the investor hotline, email, the Shenzhen Stock Exchange's Interactive Easy platform, and shareholders' meetings, the Company responds to investor inquiries and concerns and continues to build a sound two-way communication mechanism with investors.

During the reporting period, the Company organized 79 investor communication activities of various kinds, covering 243 mainstream institutions, received 33 recommendation reports from steel industry analysts, and responded to 665 investor questions on the Shenzhen Stock Exchange's Interactive Easy platform.



Deepening Digital and Intelligent Innovation

Optimizing the Innovation System

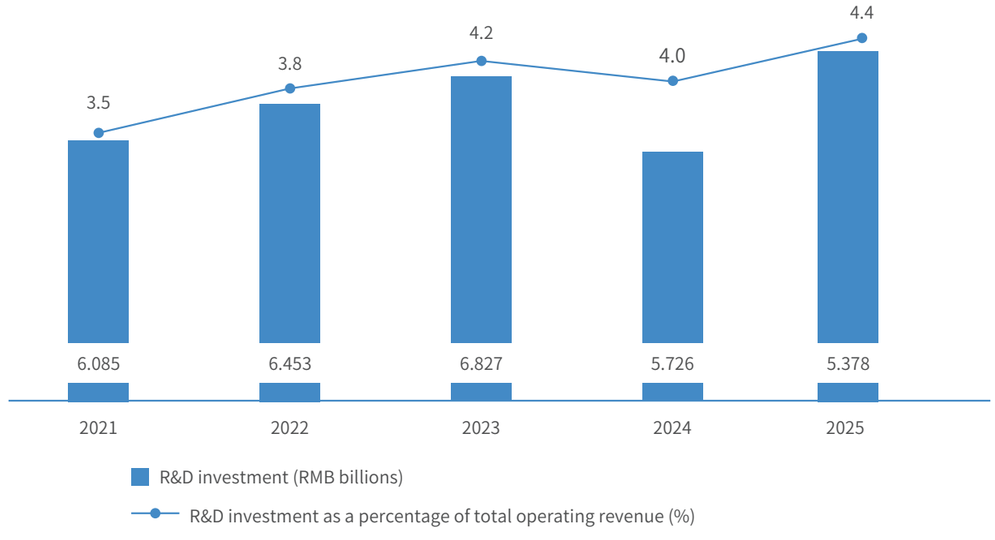
Strengthening Innovation Management

Valin Steel has continued to strengthen its innovation management system by formulating policies and procedures including the *Measures for Basic Research Management*, the *Research and Development Control Procedures*, the *Detailed Rules for the Management of Science and Technology Projects*, and the *Measures for the Management of R&D Projects*. In doing so, the Company has established a management mechanism covering the full chain from R&D project initiation and process control to the commercialization of results, ensuring that research projects are advanced in an orderly manner and executed efficiently in accordance with plan. At the same time, in order to fully stimulate the innovation motivation of R&D personnel, the Company's subsidiaries, in accordance with documents such as the *Measures for Awards for Scientific and Technological Progress* and the *Measures for Awards for Technological Innovation*, have defined dedicated R&D incentive measures and granted additional rewards based on researchers' contributions and R&D achievements, creating a dual support mechanism of institutional safeguards and incentive-driven motivation.

Key Performance

During the reporting period:

- R&D investment: **RMB 5.378** billion, accounting for **4.44%** of total operating revenue for the year
- Number of R&D personnel on staff: **3,308**; Proportion of R&D personnel: **14.30%**



Xiangtan Steel

Leverage Science and Technology Week activities to recognize outstanding research projects, technological achievements, and teams; grant awards totaling over RMB 8 million; and confer plaques to the first batch of 10 "Innovation Studios".

LY Steel

Formulate dedicated patent development plans; set patent targets for each unit; and implement supporting incentive and evaluation mechanisms to stimulate innovation.

HYST

Integrate and establish a technology innovation incentive system; reward achievements in scientific honors, standards, and patents in 2025; and implement an annual performance evaluation system for IPD R&D personnel with multi-dimensional bonus criteria to incentivize results in real time.

VAMA

Establish incentive mechanisms such as the VAMA Patent Incentive Measures; and provide both financial rewards and honorary recognition to teams and individuals with outstanding contributions to technological innovation.

Yangchun New Steel

Optimize resource allocation under the IPD model; strengthen research on common technologies and brand building; and implement dedicated bonus allocation mechanisms to incentivize key R&D initiatives.

Intellectual property protection

The Company strictly complies with laws and regulations including the *Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China*, and the *Copyright Law of the People's Republic of China*. We have formulated the *Intellectual Property Management Measures* and continues to improve its intellectual property management system, strengthening the protection of core intellectual property assets such as trademarks, patents, and copyrights on a comprehensive basis. Among the Company's organizational functions, the Science and Technology Management Department serves as the central function for intellectual property management and is responsible for overall coordination. The subsidiaries undertake day-to-day intellectual property management and have formulated supporting rules and procedures, including the *Patent Management Measures*.

The Company also conducts regular dedicated training on intellectual property, strengthens awareness of intellectual property management and protection across the workforce, and has built an intellectual property protection framework characterized by sound systems, effective execution, and full employee participation, effectively safeguarding the Company's core intellectual property assets.

Improving the efficiency of domestic intellectual property protection

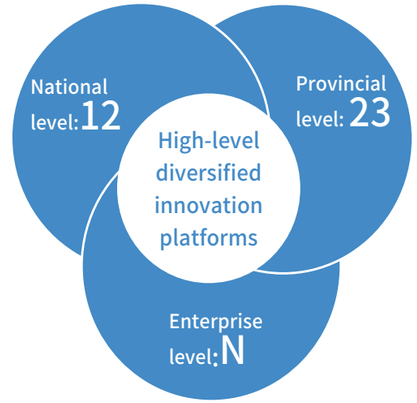
Revise the Patent Management Measures; proactively engage with provincial and municipal intellectual property authorities; secure inclusion in the Hunan Intellectual Property Protection Center's fast-track channel for expedited pre-examination, rights confirmation, and rights protection; and shorten patent grant cycles by 70% compared with conventional timelines.

Strengthening the forward-looking overseas deployment of intellectual property

Engage patent agencies to conduct freedom-to-operate (FTO) analyses for the overseas deployment of core products, including premium threaded connections; file one PCT international patent application; and build a legal protection framework to support the global expansion of the Company's products and technologies.

R&D Platform Development

The Company has pooled high-quality internal and external resources and vigorously advanced the development of its innovation platform system. By the end of 2025, we had established 11 national-level R&D platforms, including three national enterprise technology centers at Xiangtan Steel, LY Steel, and HYST, as well as two postdoctoral research workstations. In parallel, the Company has also put in place multiple provincial-level and above R&D platforms, including the Hunan Engineering Technology Research Center for High-Strength Structural Steel and Steel for Construction Machinery and the Hunan Key Laboratory of Welding Technology, forming a multi-level, high-caliber scientific research support system. In addition, the Company's Physical and Chemical Testing Center has obtained certification under the ISO, CMA, and CNAS systems and is recognized within the industry as an authoritative testing laboratory.



Case

HYST | Recognition as a National Enterprise Technology Center Demonstrated National-Level Recognition of Its Innovation Strength

In April 2025, HYST was successfully included in the 2024 (31st batch) list of newly recognized national enterprise technology centers, with its innovation capability, commercialization of achievements, and industry leadership receiving authoritative national recognition. HYST has consistently adhered to the path of independent innovation, achieved large-scale import substitution in the high-end steel tube segment, successfully broken through multiple critical "bottleneck" technologies in key national fields, and participated extensively in major national engineering and strategic projects, injecting strong momentum into the development of a manufacturing powerhouse and the high-quality development of the steel industry through its hard-core technological strength.

Commercialization of Scientific and Technological Achievements

The Company implements the strategy of "strengthening the enterprise through science and innovation" and regards the commercialization of scientific and technological achievements as a core pillar of high-quality development. The Company continues to deepen its technological innovation system and collaboration among industry, academia, research, and application, increase R&D investment, improve commercialization mechanisms, and promote the industrialization of core technologies, tempowering the transformation and upgrading of its core business.

The subsidiaries delivered notable and substantial results in the area of scientific and technological achievements. In 2025, Xiangtan Steel completed the evaluation of five scientific and technological achievements, including R&D and Industrial Application of Key Technologies for Ultra-Wide High-Strength, High-Toughness, and Easy-to-Weld Steel Plates for Lightweight Construction Machinery, all of which were assessed as reaching an internationally leading level. LY Steel received 4 first prizes in the 2025 Metallurgical Science and Technology Awards, including one project led by LY Steel, marking another historic breakthrough for the Company. HYST received 3 Metallurgical Science and Technology Awards, 1 second prize of the Science and Technology Award of the China Steel Construction Society, and 1 second prize of the Science and Technology Award of the Chinese Society for Corrosion and Protection.

R&D Achievements in Specialty Steel Products

Xiangtan Steel

In recent years, Xiangtan Steel has remained committed to its strategy of advancing toward higher-end quality and branding, continuously upgrading and optimizing its product mix and extending product structure adjustment toward the higher end of the industrial and value chains. In 2025, Xiangtan Steel delivered fruitful R&D results. In the plate segment, it focused on areas such as steel for polar low-temperature vessels, preheat-free engineering steel, corrosion-resistant bridge steel, and steel for the storage and transportation of clean energy, and developed 28 new high-end grades. Among them, 80 mm wear-resistant steel and copper-clad steel rolled clad plate successfully filled domestic gaps, while 1000 MPa steel for hydropower applications, 420 MPa steel for offshore engineering applications, and 5.5Ni and 7Ni nickel-alloy low-temperature steel were recognized as reaching an internationally leading level. These products have been widely applied in major projects including the world's largest metamorphic buried-hill oilfield, the Huajiang Grand Canyon Bridge—the world's highest bridge—and the "Light of the Sea" Opera House in Shenzhen. In the wire rod and bar segment, Xiangtan Steel accelerated quality improvement and efficiency enhancement, focusing on the needs of high-end manufacturing and developing 52 new products, including 80 kg-grade high-strength alloy welding wire and 2000 MPa-grade high-strength mono-leaf spring steel. It also achieved the first domestic application of 1Ni weather-resistant steel for rivets, saw its non-quenched-and-tempered crankshaft steel enter Toyota's supplier system, enabled its bearing steel to meet the admission standards of Luoyang Bearing Group, and secured certification from Geely and Ford for Grade 10.9 high-strength cold-heading steel, continuously enhancing its high-end and precision-oriented supply capabilities.

Steel for Shipbuilding and Offshore Engineering

Xiangtan Steel positions steel for shipbuilding and offshore engineering as a mid- to high-end product category and has continued to deepen integrated upgrading in both technology and high-end products. Closely aligned with industry trends toward larger scale, lightweighting, and greener development, Xiangtan Steel has focused its R&D and upgrading efforts on frontier areas such as special-purpose vessels, steel for polar applications, deepwater jackets, and offshore wind power, and has established strategic cooperation with internationally renowned companies including CNOOC and Saudi Aramco. Its products have obtained approvals from ten major international classification societies, as well as certification under the U.S. API system and EU EN 10225, and have consistently maintained the leading domestic market share while securing a strong position in the high-end international market.

At the same time, Xiangtan Steel has taken the lead in industry standard-setting, leading the drafting of China's first standards for Steel Plates for Offshore Platform Structures and Steel Plates for Offshore Platform Jackets, filling domestic gaps in the relevant standards. Building on its technological strengths, Xiangtan Steel has accelerated its move toward higher-end quality and branding in this segment, achieved continued breakthroughs, overcome 12 internationally leading technologies, completed 15 first domestic launches, and realized supporting capability across all product categories, all specifications, and all vessel types. In 2025, its High-Strength, Extra-Thick, High-Quality Steel for Deep-Sea Offshore Engineering was recognized as reaching an internationally leading level.

Case **First Domestic Application of Ultra-High-Strength Wear-Resistant Ship Plate**

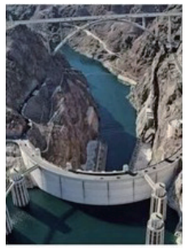
In February 2025, the 20,000-ton transfer barge MINRES ROSILY, which uses Xiangtan Steel's AB/AQ98 ultra-high-strength wear-resistant ship plate, was successfully delivered, marking the first domestic application of this type of ship plate. The vessel is used for iron ore transshipment and operates in a highly demanding service environment, requiring exceptionally high strength and wear resistance from the steel plate. Leveraging its advanced equipment, strong R&D capability, and efficient delivery performance, Xiangtan Steel secured the entire 5,000-ton order, and the product received high recognition from the customer.

Successful delivery of the 20,000-ton transfer barge MINRES ROSILY

Steel for Hydropower Applications

Xiangtan Steel has continued to strengthen its position in the field of hydropower steel, with product quality moving further upmarket. Its products have been widely used in key domestic and international hydropower projects such as the Yangjiang Pumped Storage Power Station, the Jatigede Hydropower Station in Indonesia, and Phase IV of the Tarbela Hydropower Station in Pakistan, achieving essentially full coverage of all strength grades for hydropower steel.

Yangjiang Pumped Storage Power Station



Jatigede Hydropower Station in Indonesia

Tarbela Hydropower Station in Pakistan (Phase IV)

High-Strength Wear-Resistant Steel

Backed by a strong technical team, Xiangtan Steel has achieved key breakthroughs in high-strength wear-resistant steel, successfully developing 80 mm full-thickness NM600 high-grade wear-resistant steel that can substitute for imported Hardox 600 products. Bulk delivery at this thickness represented an industry first, significantly enhancing Xiangtan Steel's reputation in heavy-duty applications. The product has been widely supplied to high-end customers both in China and overseas, including Caterpillar and Liebherr internationally and SANY and XCMG domestically. Xiangtan Steel's Caterpillar 1E4187 product has successfully replaced comparable products from SSAB and JFE. At the same time, orders for Q960-grade and above ultra-high-strength structural steel exceeded 41,000 tonnes, and Xiangtan Steel jointly achieved breakthroughs with XCMG Mining Machinery in the application of ultra-low-temperature steel, breaking foreign dominance in this field.

Case **Jointly Breaking Through the Application Bottleneck of Ultra-Low-Temperature Engineering Steel with XCMG Mining Machinery**

In 2025, Xiangtan Steel, together with XCMG Mining Machinery, completed the development and industrial application of the full series of Q355–Q690 high-strength structural steels and NM450F wear-resistant steel for service temperatures of -50°C/-60°C, achieving full coverage of specifications. The delivery of this series of equipment for extreme cold conditions broke foreign monopolies and filled the domestic gap in large-scale engineering equipment for service temperatures below -50°C, providing strong support for construction and mineral development in high-latitude regions.

Clad Plate

Xiangtan Steel achieved a major breakthrough in roll-bonded cladding technology with the successful development of copper-clad steel plate, providing a new materials solution for industries such as new energy, power, chemicals, and metallurgy. Xiangtan Steel became the first steel enterprise in China to master the full-process technology for roll-bonded copper-clad steel. The Company has launched high-end products including high-grade clad plate for bridges, clad plate for nuclear power, chrome-moly clad plate, nickel-based alloy clad plate, and clad plate for shipbuilding, which have been widely used in key projects such as the Tongling Bridge in Anhui, Bailong Nuclear Power Station, and the Pinglu Canal in Guangxi. Its clad plate R&D capabilities are at a leading level in China.

LY Steel

LY Steel has continued to optimize its product mix and strengthen technological innovation. In the silicon steel segment, it successfully mastered the production process for grain-oriented silicon steel with high magnetic induction under a full low-temperature conditions, and made breakthroughs in the rolling technology for thin-gauge SK series products, achieving exclusive mass production in China of products as thin as 0.01 mm. In the construction machinery steel segment, LY Steel developed a series of key grades featuring high strength and toughness, with multiple products achieving import substitution and strongly supporting market expansion and profitability improvement in this segment. In 2025, LY Steel achieved breakthrough progress in specialty steel development, with annual output and sales of specialty steel reaching 6.29 million tonnes, up 4.9% year on year. High-end products accounted for 38% of total sales volume. A cumulative total of 39 new products were developed, and the proportion of plate products exceeded 80%, further strengthening product competitiveness.

Silicon Steel

LY Steel's silicon steel business has undergone multi-stage leapfrog development, with continuous improvement in industrial layout and steady enhancement of technological capability. In 2007, its first heat of silicon steel was successfully smelted. In 2018, it joined the first tier of domestic substrate suppliers and ranked first in market share in the industry. In December 2022, the Electromagnetic Materials Company was formally established, laying a solid foundation for the industrialization of high-end silicon steel. In June 2023, the first coil of non-oriented silicon steel was successfully rolled off the line, marking a breakthrough in a key process link. In June 2025, the first coil of grain-oriented silicon steel with high magnetic induction was successfully rolled off the line. LY Steel set industry records for both project construction speed and the speed of commissioning the process route for high-magnetic-induction grain-oriented silicon steel, filling the gap in high-end electrical steel in Central South China and providing core material support for downstream industries such as power transmission and transformation and new energy vehicles.

Non-Oriented Silicon Steel

LY Steel completed the development of 46 grades across four major product series. These products are widely used in home appliances, motors, and other fields. Its product portfolio of non-oriented silicon steel for new energy vehicle drive motors has continued to expand and has achieved batch application by leading automakers. Thin-gauge products of 0.20 mm, 0.15 mm, and 0.10 mm for emerging sectors such as the low-altitude economy were successfully rolled off the line in succession, with iron loss reduced to below 10 W/kg, supporting the rapid development of emerging national industries.

Non-oriented silicon steel products

Grain-Oriented Silicon Steel

LY Steel completed the development of multiple grades, including high-magnetic-induction series and refined magnetic domain series. Leveraging its comprehensive strengths in product quality, technical exchange, and commercial service, it completed supply chain admission procedures, and its products are now widely used by a number of benchmark enterprises in the industry.

Grain-oriented silicon steel products

Case **Grain-Oriented Silicon Steel Achieved a Key Breakthrough in Localized Production in Hunan**

In November 2025, the first coil of grain-oriented silicon steel was successfully rolled off LY Steel's No. 4 rolling mill, marking a key leap toward localized production of high-grade grain-oriented silicon steel in Hunan. This achievement filled the gap in high-end electrical steel in Central South China and, supported by breakthroughs across the full production process, provided core material support for downstream industries such as power transmission and transformation and new energy vehicles, contributing to the upgrading of Hunan's electrical equipment industry.

The first coil of grain-oriented silicon steel was successfully rolled off LY Steel's No. 4 rolling mill

Wear-Resistant Steel

Thin-gauge wear-resistant steel plate is an important raw material for major equipment, key engineering projects, and national defense. In response to the urgent demand from large-scale engineering equipment for wear-resistant steel with higher strength, thinner gauges, and better toughness, and against the backdrop of long-term dominance by international players, LY Steel actively pursued independent innovation and collaboration among industry, academia, research, and application. It successfully developed the roller-type quenching equipment capable of processing plates as thin as 2 mm, high-precision tempering equipment operating at temperatures as low as 150°C, and ecological descaling technology and equipment for high-performance steel plates using high-pressure water-jet shot blasting. It also developed a series of functional wear-resistant steels and built the heat-treatment production base for thin-gauge steel plate.

Case **Innovative Thin-Gauge High-Strength, High-Toughness Wear-Resistant Steel Honored with the "Three Innovations Brand" Title**

LY Steel's project, Development and Application of Innovative Thin-Gauge High-Strength, High-Toughness and Wear-Resistant Steel, was awarded the "Three Innovations Brand" title. Through sustained technological innovation and strong industry leadership, the project achieved outstanding results in promoting equipment lightweighting and domestic substitution, delivering remarkable economic and social benefits. This honor represents high recognition of LY Steel's more than ten years of dedication to high-end wear-resistant materials and its contribution to breaking international technological monopolies.

HYST

Guided by its strategy of moving upmarket and differentiating its offerings, HYST achieved a series of key technological breakthroughs in core segments such as OCTG, line pipes, pressure vessel tubes, and tubes for machining. It successfully developed a number of domestically leading, and in some cases exclusive, products, including 165V-grade casing, ultra-low-carbon line pipe, extra-large-diameter pressure vessel tube, and high-grade structural tube for construction, significantly enhancing its core competitiveness and overall profitability in high-end markets such as energy, construction, and storage.

In 2025, the overall technology of HYST's project Development and Application of Key Manufacturing Technologies for Seamless Steel Tubes for High-Temperature and High-Pressure Service reached an internationally advanced level, among which the technology for controlling full-size performance uniformity in large-diameter products reached an internationally leading level. The project Efficient, Low-Carbon Smelting Technology and Intelligent Model Application for High-Quality Seamless Tube Steel via the EAF Short Process also reached an internationally advanced level overall, with the intelligent coordinated control model for the EAF-LF-VD-CC section based on a mechanism-and-data dual-driven approach reaching an internationally leading level.

OCTG

HYST achieved the first production of 165V-grade casing, setting a new record for the highest steel grade in the Company's history. It also simultaneously developed its first direct-connect premium connection to pass the A-series sealability evaluation under API RP 5C5 / ISO 13679; developed the new N80-1 grade 33Mn2V, improving impact performance by 30%; successfully developed C125 sour-service casing and passed SSC testing; launched the new high-performance premium connection HSG4, which passed third-party CAL IV qualification testing; and completed the development of premium connections for salt cavern energy storage, laying the foundation for expanding into the energy storage market.

Line Pipe

HYST successfully developed ultra-low-carbon line pipe with a carbon content of 0.05%–0.07%. It also developed reeled risers meeting the performance requirements for 1.5% strain and became the exclusive supplier to develop and provide base pipe for ultra-thin-wall clad pipe.

Pressure Vessel Tube

HYST completed the development of extra-large-diameter P-series products and obtained TS certification, while successfully delivering medium-diameter, extra-thick-wall P-series products. It also successfully developed Gr10 steel tubes for service at -70°C and completed factory trial production of a new generation of ultra-high-strength and high-toughness gas cylinder tubes.

Tubes for Machining

HYST achieved batch supply of 50MnVS tubing for hydraulic cylinders, becoming the second company in China to master the production technology for this high-sulfur asteel grade. It also successfully developed 690-grade high-end round tubes and rectangular hollow sections for construction, becoming the first manufacturer in the industry to enter the high-grade construction tube segment.

Case **Development and Industrialization of High-Strength Special-Shaped Tubes for Construction**

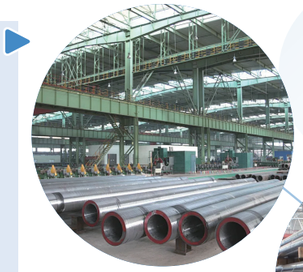
In response to the demand for lightweighting and cost reduction in steel building structures, HYST tackled the technical challenges associated with forming and heat treatment for high-strength special-shaped tubes and successfully developed a series of high-strength special-shaped tubes and round tubes for construction at steel grades of 460 MPa and above, becoming the first manufacturer in China to enter this high-end segment. Among them, the 690 MPa-grade special-shaped tube demonstrated stable performance, reached an internationally leading level overall, and passed rigorous customer certification. These products have already been successfully applied in landmark projects such as the Shenzhen Opera House and Yuen Long Sports Centre in Hong Kong. A total of 6 invention patents have been filed under the project, 3 of which have already been granted, forming an independent intellectual property portfolio.

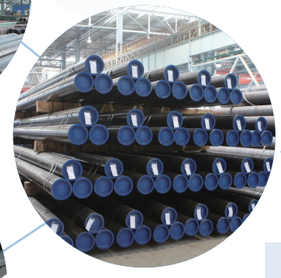
Case **Gas-Tight Premium Connection Safeguarded the Safe Operation of China's First Underground Hydrogen Storage Facility**

HYST tailored its HSTW gas-tight premium connection for China's first underground hydrogen storage facility, Sinopec's Chongqing Banshan Ring Road Comprehensive Energy Station, providing critical support for the rapid development of domestic hydrogen storage technology through superior product quality. The facility incorporates the world's first 45 MPa high-pressure underground hydrogen storage well technology and is designed for a service life of 25 years. To precisely meet the project's demanding gas-tight sealing requirements, HYST's technical team developed the HSTW gas-tight premium connection, which is easy to make up and offers strong operational stability. The product is capable of maintaining safe, reliable sealing performance under high-pressure and corrosive conditions, safeguarding the safe operation of the hydrogen storage facility.

HYST "Golden Cup High-Quality Products"

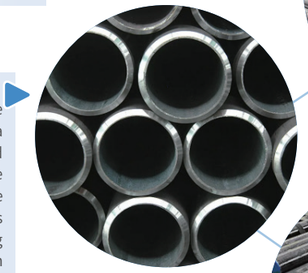
Seamless steel tubes for high-pressure boilers: High in technical content and value added, these products are widely used in utility boilers and chemical projects, strongly supporting the development of the power boiler industry and national infrastructure construction.

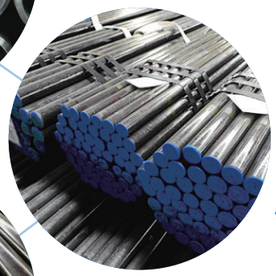




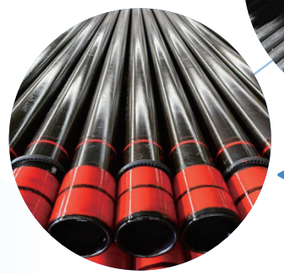
Tubes for offshore engineering: These products meet the demand for high-quality steel tubes from offshore oil and gas production platforms and offshore wind power projects at home and abroad, and have been applied in more than 30 offshore engineering projects.

Seamless steel tubes for crane booms: These products filled a domestic gap, strongly supported the development of the crane industry and national infrastructure construction, were recognized as a Hunan Province Manufacturing Single Champion, and have been applied in the world's largest 4,500-ton crawler crane and the world's largest 4,000-ton all-terrain crane.





Seamless steel tubes for rotary drilling rig drill rods: These products successfully replaced imports, met the demand of China's high-end equipment manufacturing sector for premium seamless steel tubes, and have already been applied in the world's largest rotary drilling rig, setting records for maximum drilling diameter and depth.



Steel pipes for casing used in oil and gas wells in the petroleum and natural gas industry: These products have been successfully applied in multiple major oil and gas development projects in China and overseas, received broad recognition from oilfield users, and made a positive contribution to the development of China's oil and gas industry and national energy security.

VAMA

Anchored in innovation, VAMA has delivered notable results in the R&D of specialty steels and continues to provide customers with high-value-added automotive steel solutions. In 2025, VAMA launched a number of new automotive steel products, including Usibor2000, CP980, and DP600DH, which combine high strength, high toughness, and good weldability and are widely used in vehicle manufacturing. Through the innovative integration of multi-part integration, laser welded blank, and hot forming technologies, together with the innovative application of related core components, VAMA has expanded beyond the traditional value boundaries of a conventional steel supplier. It has now built a broad specialty steel portfolio covering advanced high-strength steel, ultra-high-strength steel, and aluminum-silicon-coated hot-forming steel.

Yujian™ Multi-Part Integration Solution

In April 2025, VAMA and GONVVAMA jointly launched the Yujian™ Multi-Part Integration Solution. Its core objective is to enhance automotive manufacturing efficiency and reduce manufacturing costs through advanced steel technologies and integrated design, providing a full-chain competitive solution for integrated and lightweight vehicle manufacturing that supports the green and intelligent transformation of the automotive industry.

Core Enablers

- The solution is built on ArcelorMittal's latest technological achievements in automotive steels and is supported by two core steel grades that balance lightweighting, safety, and formability.
- Ductibor® 1500: A new third-generation aluminum-silicon-coated hot-forming steel that pushes beyond the traditional trade-off between strength and toughness, combining ultra-high strength with outstanding impact toughness and energy absorption performance.
- Fortiform® series: a third-generation family of cold-forming advanced high-strength steels offering an excellent balance of strength and formability. With stamping performance superior to dual-phase steels of the same strength class, the series is well suited to complex cold-formed structural parts and helps ensure vehicle structural strength and durability.

Expanding Applications

- The application of hot-forming steel has been extended from occupant compartment protection to power battery systems, offering steel solutions with stronger core performance and greater economic value. The solution can help reduce the overall structural cost of battery packs by more than 40% while delivering a higher level of safety protection.

Key Advantages

- Cost savings through optimization of materials, tooling, and welding; Outstanding safety through precise matching of steel grades and improved crash protection; Part integration through fewer parts and simplified processes; Modular adaptability across multiple platforms and steel grades; Sustainability through carbon reduction and material recycling; Lightweighting through optimized body-in-white weight and improved vehicle performance.

Case

Yujian ™ Won an Industry Award, Empowering the Upgrade of Automotive Manufacturing Through an Integrated Solution

In December 2025, the Yujian™ Multi-Part Integration Solution jointly launched by VAMA and GONVVAMA won the "2025 Automotive Industry Rotary Award". Built on ArcelorMittal's deep expertise in advanced high-strength steel and hot-forming technology, the solution delivers full-chain upgrading from steel materials to forming processes. It has set a benchmark in body lightweighting, safety, and manufacturing efficiency. Verified in local projects, the solution is adaptable to flexible production across multiple platforms, helping automakers improve manufacturing agility and providing reliable support for the green and intelligent transformation of the automotive industry.

The Yujian™ Multi-Part Integration Solution won the "2025 Automotive Industry Rotary Award".

"Yujian™ integration is not only a breakthrough in manufacturing technology, but also an innovation in design thinking, helping automakers achieve multiple goals in weight reduction, cost reduction, and emissions reduction."

——Huang Qiang, Product Service Manager of GONVVAMA

VAMA is steadily expanding its vehicle body materials ecosystem and building a new "Hot Forming+" ecosystem centered on hot-forming technology and extending toward whole-vehicle material solutions. With the continued integration of local R&D and global expertise, VAMA is providing more comprehensive, value-added solutions for the further development of automotive manufacturing through its Yujian™ approach to simplifying complexity.

Advancing Intelligent Manufacturing

The Company has continued to deepen its digital and intelligent transformation, strengthen the development of its digital systems, and coordinate the efforts of its steel plants in advancing digital and intelligent initiatives. It has continuously implemented digital and intelligent projects, deployed a wide range of industrial robots, expanded the application of 5G+ industrial internet technologies, and built large-model applications and full-process intelligent quality control centers for the steel industry. Leveraging technologies such as big data and artificial intelligence, the Company has accelerated the implementation of intelligent application scenarios, enabling intelligent upgrading in areas such as production, inspection, and operational control. These efforts have improved production efficiency and labor productivity, reduced production costs and quality losses, and established a full-process intelligent control system, setting a benchmark for intelligent manufacturing in the steel industry.

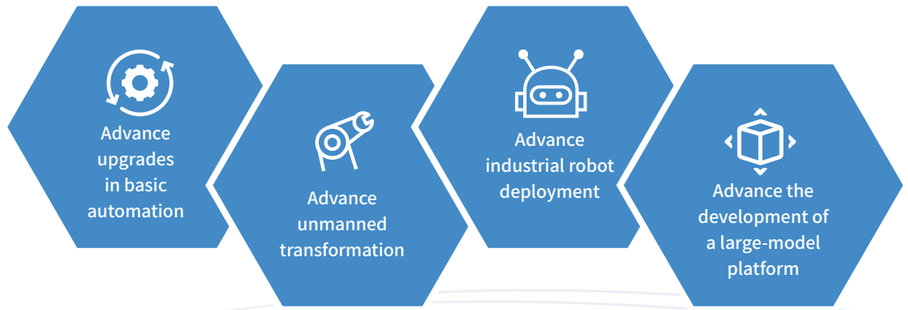
Deepening the Development of Digital Systems

The Company has systematically advanced the iterative upgrading of its digital systems, treating data governance and value realization as priorities and reinforcing the foundation for digital development. The Company has preliminarily established master data standards, data coding rules, data formats, and data quality standards, and is gradually standardizing its data management system. We have also broken down data barriers between headquarters and subsidiaries and among different business segments, enabling interconnection and interoperability of data and unlocking the value of data as a production factor.

At the same time, the Company has accelerated the implementation of major digital projects in an orderly manner, including the headquarters' financial information system, Xiangtan Steel's intelligent equipment process system, LY Steel's integrated smart management and control system for energy and carbon, and HYST's energy management system. These projects have further improved the Company's digital application framework and promoted coordinated enhancement of intelligent capabilities across all business segments.

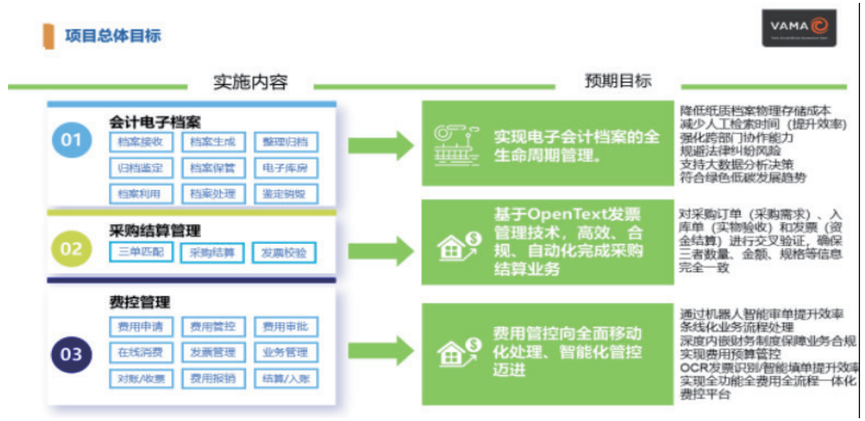
Case **Xiangtan Steel | Establishing the Steel Industry's First Artificial Intelligence Large Model**

Xiangtan Steel's Pangu large model consists of two components: the foundational model layer and the large-model platform. The foundational layer comprises three parts: a resource scheduling platform, a data integration platform, and an AI infrastructure platform. The platform layer includes a vision model and a predictive model. Unified AI operations management is provided through the artificial intelligence large-model platform, which can also leverage platform capabilities to provide the resources and service support required across the Company's production, operations, and management activities, with total computing capacity of 5.8P. Following the completion of the Xiangtan Steel Pangu large model, scenario-based models can be developed using the workflow development toolkit on the large-model platform, supporting Xiangtan Steel's intelligent transformation, establishing an artificial intelligence large-model training center for Xiangtan Steel, and enabling large-scale deployment across the Company.



Case **VAMA | Building an Intelligent Computing Center to Empower Digital Development**

VAMA established a modern computing center of medium scale featuring intelligent management and high efficiency, with 36 standard server racks deployed. Through the DCIM system, the center enables 24/7 intelligent monitoring and is equipped with automated operation and maintenance, automatic fault alerts, and dual-power supply capability, ensuring stable and reliable system operation. The center primarily supports AI R&D, big data analysis, cloud computing, and the operation of critical business systems. It also adopts high-efficiency cooling and modular design to lower the PUE value, providing solid green-computing support for the digital transformation and high-quality development.



Case **LY Steel | DeepSeek Empowering the Digital Future of Steel**

Amid the wave of intelligent transformation in the steel industry, LY Steel, together with Loudi Valin V Cloud and Institute of Engineering Technology, USTB, completed the localized private deployment of the DeepSeek large model by leveraging the high-performance computing capacity of its cloud data center. With the model's strong capabilities in data mining and intelligent prediction, the Company established a quality risk early-warning and intelligent process control system covering the entire production process, enabling intelligent analysis of massive volumes of process data and precise prediction of production risks. This has provided strong support for quality control, process optimization, and intelligent management, creating a “smart brain” for steel production and driving the effective implementation of digital and intelligent transformation.

Accelerating the Application of Intelligent Scenarios

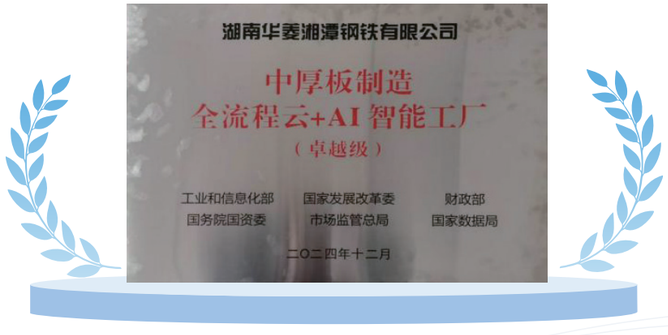
Supported by both the steel large model and the industrial internet, the Company has systematically advanced the implementation of artificial intelligence across core business scenarios such as production management, optimal raw material and fuel allocation, product R&D, and quality improvement. During the reporting period, the Company successfully launched 46 artificial intelligence application scenarios, achieving deep integration of AI technologies with core production and operating processes. At the same time, the Company continued to increase investment in robotics, bringing the cumulative number of robots deployed in the core steel business to 261 units, effectively replacing labor-intensive manual work and improving both production efficiency and operational safety.

Case

Xiangtan Steel | Empowering All Areas to Build a Benchmark for Digital and Intelligent Transformation in the Steel Industry

In 2025, Xiangtan Steel advanced enterprise-wide digital and intelligent upgrading with a focus on practical and tangible results, and built a benchmark for digital and intelligent transformation through targeted investment and ecosystem collaboration. Xiangtan Steel invested RMB 280 million in more than 30 core projects, including the upgrade of the wire rod and bar MES and a full-process quality control system. The “Xiangtan Steel Pangu” large model has now covered the full process from coking to rolling. Its flying shear system uses vision AI to achieve millimeter-level defect identification and automatic cutting, saving from approximately RMB 100,000 to RMB 200,000 in costs per month. In the finished products workshop, 16 cameras automatically identify lifting tag information, raising the efficiency of unmanned warehousing by more than 60%. In addition, Xiangtan Steel strengthened upstream and downstream collaboration, achieving full-process information sharing in production, dispatch, and after-sales service with enterprises such as COSCO Shipping Heavy Industry, building a digital and intelligent marketing ecosystem.

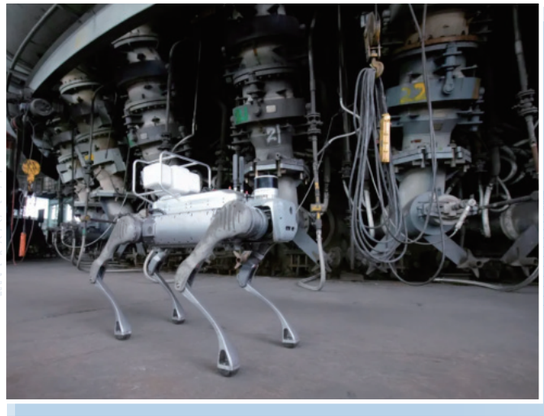
In 2025, the “Xiangtan Steel 5G Digital and Intelligent Factory” was included in the National 5G Factory List and was recognized as one of the first “Optimization-Level” intelligent factories, in the steel industry nationwide. Projects including the artificial intelligence large model were also included in Hunan Province's list of digital new infrastructure projects and typical application scenarios.



The “Xiangtan Steel 5G Digital and Intelligent Factory” was recognized as one of the first “Optimization-Level” intelligent factories in the steel industry nationwide

Together with Institute of Engineering Technology of the University of Science and Technology Beijing, Xiangtan Steel built a full-process quality control system for steelmaking and rolling based on a quality big data platform, enabling real-time monitoring of process data, precise push notifications of abnormal information, and product performance prediction.

In November 2025, the intelligent factory optimization and upgrading project of Yangchun New Steel officially commenced. By introducing frontier technologies such as big data, artificial intelligence, and the industrial internet, the project aims to deeply optimize and upgrade the Company’s production, management, and operation and maintenance activities, and to build an intelligent benchmark factory with advanced industry standards.



LY Steel advanced digital transformation and intelligent upgrading, with its AI inspection system identifying micron-level surface defects on steel plates within 0.3 seconds, robotic dogs replacing manual inspections in high-temperature areas of up to 600°C, production efficiency increasing by 39.2%, cost per tonne of steel falling by 11%, and comprehensive energy consumption declining by 3%.

ESG Management

In line with its strategic development needs, Valin Steel has integrated the concept of sustainable development into corporate strategy and decision-making, continuously improved its ESG governance structure and operating mechanisms, steadily enhanced its ESG management capabilities, and worked with stakeholders on the basis of mutual benefit and harmonious development.

ESG Governance Structure

The Company has continued to improve a top-down ESG governance structure with clearly defined responsibilities, establishing a three-tier ESG governance framework consisting of the Board of Directors, the Strategy and ESG Committee of the Board, and the ESG Working Group. In 2025, in accordance with relevant laws, regulations, and the Articles of Association, the 30th meeting of the Eighth Board of Directors approved the renaming of the former Strategy Committee as the Strategy and ESG Committee, providing a solid organizational foundation for advancing the Company's sustainability and ESG-related work.

Within this framework, the Board of Directors serves as the highest responsible body for ESG management, operation, and information disclosure. The Strategy and ESG Committee is responsible for formulating ESG objectives and related systems. The ESG Working Group, composed of various functional departments and subsidiaries, serves as the principal coordinating and execution body, responsible for coordinating and advancing the implementation of ESG-related matters.

Board of Directors
Decision-Making Level

- Review and approve the Company's ESG strategy, objectives, and policies
- Review and approve public disclosure relating to the Company's ESG performance and the Company's ESG report
- Review major ESG-related risks with significant impact and response plans for major negative ESG events

Strategy and ESG Committee
Management Level

- Review and provide recommendations on the Company's ESG strategy and objectives, organizational structure, and management systems; study major ESG matters and propose ESG governance-related recommendations or plans
- Identify, assess, and propose recommendations or solutions for the risks and opportunities companies face in ESG
- Identify and assess ESG-related risks and opportunities faced by the Company, and propose recommendations or plans; Review the Company's ESG report/sustainability report and related disclosure information, and provide recommendations
- Supervise and inspect the implementation of major ESG matters, and review the achievement of ESG-related strategies and objectives

ESG working group
Execution Level

- Formulate and implement work plans aligned with the Company's strategic plan and ESG objectives
- Manage ESG-related risks arising in the Company's day-to-day operations
- Coordinate and advance the implementation of ESG-related matters
- Collect and compile publicly disclosed information relating to the Company's ESG performance

Stakeholder communication

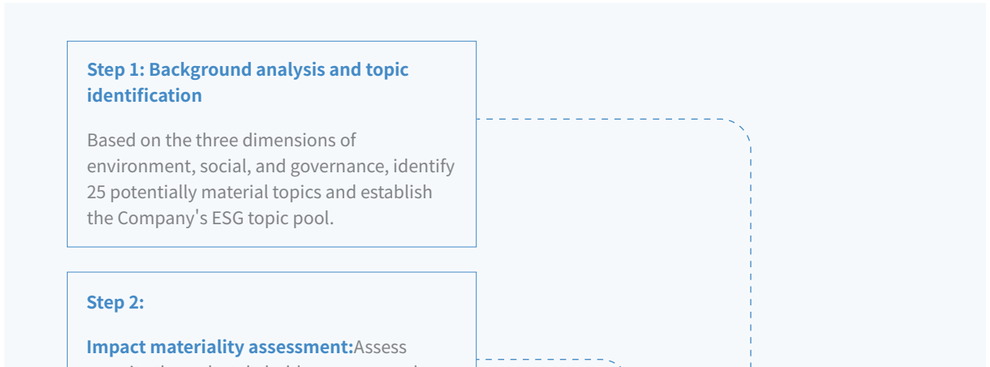
Valin Steel has consistently adhered to the management philosophy of "forging ahead to shape the future", continuously improved its ESG management, paid close attention to the needs and expectations of stakeholders, actively responded to their concerns, and adjusted its development strategy in a timely manner.

At present, the Company has identified six major stakeholder groups that maintain close relationships with the Company and have decision-making authority or influence over it. The Company has established a normalized communication mechanism to listen to the views of all parties and respond proactively through multiple channels.

Stakeholders	Topics of Concern	Communication and Response
Shareholders / Investors	• Corporate governance • Compliance and risk management • Business ethics and anti-corruption • Information security • ESG Management • Product quality assurance • Innovation-driven development	• Shareholders' meetings / extraordinary general meetings • Results briefings • News releases / announcements / annual reports • Roadshows • Investor engagement activities
Employees	• Protection of employee rights and interests • Occupational health and safety • Career development and training • Employee care	• Employee representative congresses • Employee satisfaction surveys • Employee meetings • Employee activities
Suppliers / Partners	• Sustainable supply chain • Intellectual property management • Business ethics and anti-corruption • Green products and technologies	• Supplier training • Supplier audits / site visits • Industry exchange conferences
Customers	• Product quality assurance • Green products and technologies • Customer service • Privacy and security	• Customer satisfaction surveys • Customer complaints
Government / Regulatory Authorities	• Environmental compliance management • Water resources management • Circular economy • Energy Management • Pollutant emissions • Waste disposal • Climate change and carbon management • Ecosystem and biodiversity protection • Business ethics and anti-corruption	• On-site inspections / research visits • Regular communication • Periodic disclosures
Communities	• Rural revitalization • Social contribution • Ecosystem and biodiversity protection	• News releases / announcements • Volunteer services • Regular / ad hoc communication

Identification of Material Topics

With reference to the requirements of the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange — Sustainability Report (For Trial Implementation)*, and taking into account leading domestic and international industry practices, the Company's ESG development strategy, business characteristics, and market positioning, the Company extensively collected the needs of internal and external stakeholders, identified annual ESG topics, and conducted a double materiality analysis to define the priorities and direction of its annual ESG work. Topics that are financially material are addressed and responded to as key topics in this report.



Results of the Materiality Analysis

Materiality dimension	No.	Topic	Category
Topics that are material from both a financial and an impact perspective	1	Climate change and carbon management	Environment
	2	Energy Management	Environment
	3	Pollutant emissions	Environment
	4	Occupational health and safety	Social
	5	Product quality assurance	Social
	6	Innovation-driven development	Social
	7	Corporate governance	Governance
Topics that are financially material but not impact material	1	Business ethics and anti-corruption	Governance
	2	Environmental compliance management	Environment
	3	Sustainable supply chain	Social
Topics that are impact material but not financially material	1	Rural revitalization	Social
	2	Compliance and risk management	Governance
	3	Water resources management	Environment
	4	Circular economy	Environment
	5	Ecosystem and biodiversity protection	Environment
	6	Waste disposal	Environment
	7	Career development and training	Social
	8	Customer service	Social
	9	Intellectual property management	Governance
	10	Social contribution	Social
	11	Protection of employee rights and interests	Social
	12	Information security and privacy protection	Governance
	13	ESG Management	Governance
Topics that are neither financially material nor impact material	1	Green products and technologies	Environment
	2	Employee care	Social

Material Topic[3]	Governance	Strategy	Impact, Risk, and Opportunity Management	Metrics and Targets
Energy Management	At the Company level, the Strategy Department establishes an energy management benchmarking system and coordinates efforts to improve energy efficiency. Each subsidiary has set up an energy management leading group, with a dedicated Energy and Environmental Protection Department / Energy Section responsible for overall coordination, and energy administrators assigned to each process, forming a three-tier management network covering the Company, plants, and work teams.	Following the dual approach of "energy conservation and efficiency enhancement + structural optimization", the Company promotes energy-saving technologies such as waste heat recovery to improve energy utilization efficiency; gradually reduces dependence on high-carbon energy sources such as coal while expanding the use of clean energy such as green electricity; and develops an integrated Energy Management System (EMS) to enable digitalized control across the full energy management process.	**Risks**: Fluctuations in international energy prices may drive up production costs; regional energy supply shortages may affect production continuity; and energy-saving upgrades for aging equipment require substantial investment and involve long payback periods. **Opportunities**: Energy-saving upgrades can reduce unit energy consumption and deliver both cost reduction and efficiency enhancement; the use of green electricity can provide advantages in electricity pricing and carbon reduction accounting; and improved energy management can help the Company obtain industry energy-efficiency benchmark certification and enhance brand influence.	The Company will continue to improve energy utilization efficiency, optimize the energy consumption mix, expand the use of clean energy, and steadily reduce unit energy consumption per product.
Pollutant emissions	Establish a full-process control system for pollutant emissions and strictly implement the pollutant discharge permit regime. Conduct real-time monitoring and regular testing of waste gas, wastewater, and solid waste to ensure compliant discharge.	Advance full coverage of ultra-low-emissions retrofits; upgrade environmental protection facilities in sintering, ironmaking, and steelmaking processes; implement zero-wastewater-discharge retrofits; and promote the resource utilization of steelmaking solid waste and the development of value-added products.	**Risks**: Intensified environmental inspections may lead to production suspension for rectification or administrative penalties in the event of excessive emissions; improper disposal of solid waste may give rise to environmental disputes; and the introduction of updated environmental regulations may increase compliance costs. **Opportunities**: Once ultra-low emissions certification is obtained, the Company may benefit from policy incentives such as tax reductions and transport priority; the resource utilization of solid waste can create new profit growth drivers; and a green production profile can attract high-end customers with stringent environmental requirements.	Fully achieve the ultra-low emissions targets for the steel industry set by the state and Hunan Province; ensure 100% compliant disposal and utilization of solid waste; and advance zero-pollution, enterprise-city integration, and green and low-carbon development.
Occupational health and safety	Establish a Work Safety Management Committee under the direct leadership of the Chairman, with participation from all subsidiaries. Sign Work Safety Target Responsibility Statements with each subsidiary; conduct monthly assessments; effectively implement the work safety responsibility system; link safety performance to monthly and annual performance appraisals; and build a vertically integrated and horizontally coordinated work safety management network.	Embed the principle of "safety first and prevention first" throughout the full production and operations process; improve working conditions; strengthen the provision of labor protection equipment; and carry out regular work safety training and emergency drills to enhance employees' safe operating skills and emergency response capabilities.	**Risks**: Steel production involves risks of mechanical injury, fire and explosion, falls from height, and occupational diseases; weak safety awareness among employees may also lead to non-compliant operations. **Opportunities**: Improved work safety management can reduce accident losses and downtime costs; a sound occupational health environment can enhance employees' sense of belonging and productivity; and compliance with work safety standardization requirements can bring government recognition and market credibility.	Effectively reduce the risk of work safety accidents and occupational diseases, and continuously improve employees' safety protection and emergency response capabilities.
Product quality assurance	Establish a customer-oriented quality management system covering the full product life cycle and ensure the continued effectiveness of ISO 9001 certification; strengthen leadership accountability through quality performance orientation; and implement mechanisms such as top executive accountability for quality and the economic responsibility system.	Advance the national quality-strength strategy; adhere to the strategic direction of "becoming more specialized and stronger, and leading in the region" and the business philosophy of "deeply engaging in industries, leading market in the region, and staying half a step ahead"; and reinforce the principles of prioritizing specialty steel quality and optimizing alignment with customer standards.	**Risks**: Fluctuations in raw material quality may affect final product quality; substandard product quality may lead to customer complaints, order losses, and even legal claims; and intensifying product homogeneity in the industry places greater demands on the stability of product quality. **Opportunities**: Breakthroughs in high-end products can generate price premiums and improve profitability; a strong reputation for product quality can enhance customer loyalty and expand market share in high-end segments; and participation in industry standard-setting can strengthen the Company's market influence.	Take "zero defects" as the quality objective; continuously improve the stability and reliability of product quality; optimize the supply mix of high-end products; meet the diversified and customized needs of downstream customers; and maintain a strong reputation for quality.

3 Note: The analysis of the topic "Climate Change Response and Carbon Management" has been presented in detail in the section "Responding to Climate Change" in Chapter I of this report.

Material Topic[1]	Governance	Strategy	Impact, Risk, and Opportunity Management	Metrics and Targets
Innovation-driven development	Establish an innovation management structure led by the Science and Technology Committee. Set up an office under the Science and Technology Committee within the Technology Research Institute to take the lead in implementing matters approved by the Committee and handling its day-to-day work; and enable each subsidiary to carry out independent scientific and technological innovation under the Committee's leadership.	Treat scientific and technological innovation as a core corporate strategy and focus on areas such as green and low-carbon development, intelligent manufacturing, and new materials. Advance digital transformation; develop intelligent factories and industrial internet platforms; and enhance production efficiency and manufacturing capability.	**Risks**: Core technology R&D cycles are long and capital-intensive; the commercialization of technological achievements may be slow and difficult to convert quickly into production capacity; and the accelerating pace of technological iteration in the industry requires sustained R&D intensity. **Opportunities**: Breakthroughs in core technologies can create technological barriers and strengthen industry competitiveness; and digital and intelligent upgrades can improve production efficiency and reduce operating costs.	Continue increasing investment in core technology R&D; focus on innovation in key areas such as low-carbon metallurgy and digital operations; and promote the commercialization and application of R&D achievements.
Corporate governance	Improve the corporate governance structure comprising the shareholders' meeting, the Board of Directors, the board of supervisors, and management; standardize decision-making procedures in strict accordance with the *Company Law and the Measures for the Formulation and Administration of Articles of Association of State-owned Enterprises*; establish the Strategy and ESG Committee under the direct leadership of the Board to coordinate ESG strategic planning and implementation; and improve the internal control and compliance management systems while conducting regular internal audits and compliance inspections.	Optimize the ownership structure and protect the rights and interests of minority shareholders. Integrate ESG into the corporate governance framework and strengthen sustainable development governance capabilities. Advance digital transformation to improve governance efficiency.	**Risks**: An incomplete corporate governance structure may lead to inefficient decision-making or internal control failures. Tightening regulatory requirements for state-owned enterprises may also increase compliance pressure. **Opportunities**: Standardized corporate governance can enhance investor confidence and reduce financing costs. A strong governance profile can also strengthen brand reputation.	Improve corporate governance structure and management standards; strengthen compliant operations and risk control.
Business Ethics and Anti-Corruption	Establish and improve anti-commercial bribery and anti-corruption management systems; define prohibited conduct and accountability mechanisms; carry out regular integrity and warning education; establish a conflict-of-interest declaration mechanism; and implement integrity risk controls for key positions and major projects.	Incorporate integrity and honesty into the Company's values; strictly enforce integrity admission requirements in supply chain cooperation, project tendering, and customer cooperation; and ensure openness and transparency in key business processes.	**Risks**: In the course of commercial dealings in the industry, there are risks of unfair competition and commercial bribery; internal employees may abuse their authority for personal gain, giving rise to corruption incidents; and any corruption uncovered may lead to administrative penalties and reputational damage. **Opportunities**: A corporate image of integrity and honesty can attract high-quality partners and help build a healthy business ecosystem; it can also support recognition from government authorities and industry associations as a benchmark for integrity.	Continue to strengthen organization-wide education on business ethics and integrity in professional conduct, standardize business cooperation and internal management processes, and eliminate major incidents of commercial bribery and corruption.
Environmental compliance management	Continue to improve its environmental governance structure and promote the development of its environmental governance system toward greater standardization and refinement. Revise the *Environmental Protection Management Measures*; further clarify environmental protection responsibilities at all levels; strengthen the assessment and accountability mechanism for environmental incidents; link environmental performance to the remuneration of subsidiary management; and reinforce the red line for ecological and environmental protection.	Treat environmental compliance as a prerequisite for production and operations and embed it throughout project initiation, construction, and operation. Respond proactively to changes in environmental policies by planning ahead for the upgrading of environmental protection facilities and the optimization of production processes, ensuring continued compliance with the latest requirements.	**Risks**: Increasingly stringent environmental regulations and emissions standards may continue to drive up compliance costs; failure to keep pace with regulatory updates may result in penalties or production restrictions; and the normalization of environmental inspections may intensify compliance pressure. **Opportunities**: Compliant operations can reduce the risk of production suspension for rectification and safeguard business continuity; and strong environmental compliance performance can establish the Company as an industry benchmark and enhance brand value.	Establish and improve a sound environmental compliance risk prevention and control mechanism; ensure full-process environmentally compliant operations; and prevent any material environmental compliance violations.
Sustainable supply chain	Formulate and implement management systems including the *Supplier Management System*; establish a full-life-cycle supply chain management framework covering supplier onboarding, evaluation, incentives, and exit; and incorporate indicators such as environmental compliance, carbon management, and occupational health and safety into the supplier evaluation system.	Build a green, safe, and responsible supply chain and prioritize partners with strong ESG performance. Work with suppliers to develop a circular economy system and promote packaging recovery and resource sharing. Support suppliers in strengthening their ESG management capabilities and advance coordinated sustainable development across the industrial chain.	**Risks**: Fluctuations in upstream raw material prices and supply shortages may affect production stability; and differences in environmental and labor standards across international supply chains may create compliance challenges. **Opportunities**: Sustainable supply chain certification can win recognition from high-end downstream customers and expand market share; coordinated decarbonization across the supply chain can reduce overall operating costs; and a resilient supply chain can strengthen risk resistance.	Enhance supply chain stability and resilience, and build a green, resilient, and collaborative sustainable supply chain.

Future Outlook

General Secretary Xi Jinping has emphasized that state-owned enterprises are an important force in strengthening China's overall national strength, promoting economic and social development, and safeguarding and improving people's well-being. Valin Steel remains committed to the original mission of a state-owned manufacturing enterprise. Leveraging the Group's collaborative strengths, the Company actively fulfills its responsibilities in serving national industrial upgrading and local economic development.

At present, the external environment remains complex and challenging. The steel industry is undergoing a period of deep adjustment characterized by "reduced volume growth and optimization of existing capacity", while structural growth in downstream sectors such as automobiles and new energy continues to provide solid support for high-quality development. From an industry perspective, the broader pattern of "three highs and three lows" — high output, high costs, and high inventories, alongside weak demand, low prices, and low profitability —has not fundamentally changed. Competition over existing market demand has intensified, and the basis of competition is shifting from scale toward quality, efficiency, and core capabilities. At the same time, green and low-carbon transformation, digitalization, and intelligent upgrading are accelerating, while demand for steel products is moving toward higher-end and more functional offerings. The industry is therefore transitioning from scale-based competition to value-based competition. Valin Steel will proactively align itself with these trends, consolidate its strengths in niche segments, and achieve new breakthroughs in serving national strategies.

In 2026, the Company will remain closely aligned with the strategic plan of Hunan Iron and Steel Group Co., Ltd., stay committed to its three strategic support systems of lean production, integration of sales, R&D, and production, and marketing and service, and stay focused on high-end, green, intelligent, and lean development. The Company will continue to strengthen efforts in scientific and technological innovation, production quality enhancement, green transformation, and reform-driven empowerment, with the goal of building a world-class steel enterprise.

Driving High-End Development Through Innovation and Strengthening Core Competitive Momentum.

The Company will continue to regard innovation as the primary driving force and build a full-chain innovation system centered on "high-end development + differentiation". First, we will improve collaborative platforms integrating industry, academia, research, and application, pool internal and external resources, focus on forward-looking and foundational technology research, build 10 core patent clusters, and strengthen intellectual property protection and patent commercialization. Second, we will deepen integrated collaboration among sales, R&D, and production, use the IPD system as a foundation, focus on key products such as high-strength crack-arrest steel, high-grade silicon steel, and high-performance premium connections, strive to develop 10 to 15 sophisticated high-end steel grades to replace imports, and cultivate a number of flagship premium products. Third, we will continue to deepen its presence in niche markets, remain customer-centric, further strengthen the EVI and CTS service models, reinforce full-process quality management, target landmark projects, benchmark customers, and leading downstream enterprises, and pursue precise, high-quality market alignment so as to raise the share of high-end specialty steel. Fourth, we will improve innovation incentive mechanisms, link innovation outcomes to remuneration and professional titles, promote the spirit of craftsmanship, and foster a stronger culture of innovation.

Enhancing Quality and Efficiency Through Lean Collaboration and Empowering Production Upgrading Through Digital and Intelligent Technologies With the goals of ultimate efficiency and optimal cost performance.

The Company will promote production transformation toward lean and intelligent operations. First, we will deepen full-process lean management, implement production line competition mechanisms, benchmark against the Company's best historical performance and industry-leading peers, strengthen lean production and full-process management, continuously optimize techno-economic indicators, and ensure that lagging units catch up while leading units move even further ahead. Second, we will strengthen collaboration across the full chain, establish coordinated mechanisms linking procurement, production, logistics, and sales, improve full-life-cycle equipment management, and enhance supply chain resilience. Third, we will accelerate digital and intelligent transformation. Supported by the steel large model and the industrial internet, the Company will systematically plan the implementation path for lighthouse factories and intelligent factories and promote the rollout of more than 30 new artificial intelligence application scenarios. Fourth, we will advance major technical upgrading projects to ensure that multiple product lines achieve designed capacity as quickly as possible, while accelerating construction of key projects such as Xiangtan Steel's rod, flat bar, and wire product upgrades, LY Steel's cold-rolled grain-oriented silicon steel project, HYST's extra-large-diameter seamless steel tube project, and Yangchun New Steel's high-speed wire rod quality enhancement project, strengthening premium manufacturing capabilities.

Safeguarding the Bottom Line Through Green Development and Work Safety, and Demonstrating the Responsibility of a State-Owned Enterprise.

The Company will hold firm to the bottom line in work safety and environmental protection and continue to practice the philosophy of green development. First, we will strengthen the work safety defense line, implement the principle that responsibility for managing operations, industries, and business activities must include responsibility for work safety, improve information-based management platforms, strengthen hazard identification and rectification as well as oversight of outsourced contractors and related parties, and firmly safeguard the work safety bottom line. Second, we will advance green and low-carbon transformation, use digital and intelligent means to support the efficient, cost-effective, and stable operation of environmental protection facilities, reduce environmental operating costs per tonne of steel year on year, and ensure the long-term stable achievement of ultra-low emissions standards. Third, we will implement dual-control requirements for carbon emissions, leverage the Green and Low-Carbon Research Center as a key driver, improve the carbon management framework and the energy and carbon measurement system, strengthen carbon asset management and green product certification, participate actively in the national carbon market, and reduce the cost of carbon compliance. Fourth, we will optimize ecological governance, systematically rectify environmental issues, improve ESG ratings, and build green steel plants, with LY Steel striving to become a national Green Factory and HYST striving to achieve Class A environmental performance.

Deepening Reform to Unlock Vitality and Build Stronger Overall Development Momentumc.

The Company will implement the requirements of state-owned enterprise reform and further stimulate endogenous momentum for development. First, we will optimize control models and corporate governance mechanisms, deepen pilot reforms under the business division structure, comprehensively carry out management benchmarking and management enhancement, build a value-empowering headquarters, effectively advance the governance model for specialized committees in accordance with the new *Company Law* and regulatory requirements, and improve internal audit and compliance oversight systems. Second, we will strengthen market-oriented mechanisms, adhere to the principles of "hard constraints and strong incentives" and the last-place elimination mechanism, continue to deepen reform of the labor, personnel, and remuneration systems, explore the implementation of medium- and long-term incentive mechanisms, and build a diversified system of incentives and constraints to stimulate innovation and value creation across the workforce. Third, we will enhance capital operation capabilities, implement the new "State Council Nine-Point Guidelines", consolidate strong profitability and sound development momentum, continue to improve information disclosure and investor relations management, strike an effective balance between capital expenditure and dividends, continuously enhance long-term shareholder returns, and improve the investment value of the listed company.

Great Achievements Stem from Lofty Aspiration, and Broad Success is Built Through Diligent Effort.

The foundation of manufacturing lies in steadfast commitment, and the responsibility of a state-owned enterprise lies in practical action. Keeping the nation's overarching priorities firmly in mind, Valin Steel will stay focused on four strategic directions for development, build cohesion through Party leadership, tackle challenges through innovation, improve quality and efficiency through lean management, secure long-term development through green transformation, and unlock vitality through reform. Amid profound adjustment across the industry, the Company will shoulder its responsibilities with resolve, deepen value creation, remain rooted in Hunan while looking to the world, and, with the steadiness of steel and the drive of practical action, continue writing a new chapter in high-quality development, contributing Valin Steel's strength to building a manufacturing powerhouse, advancing regional revitalization, and strengthening China's national industry.

Appendix

Key Performance Table

Indicator Name	Unit	2023	2024	2025
Economic Performance				
Operating revenue	RMB billions	163.897	144.112	121.138
Total profit	RMB billions	7.487	4.141	4.820
Net profit	RMB billions	6.64	3.20	3.87
Technological innovation				
R&D investment	RMB billions	6.828	5.726	5.378
R&D investment as a percentage of operating revenue	%	4.17	3.97	4.44
Number of R&D employees	persons	3,260	3,300	3,308
Proportion of R&D employees	%	13.77	14.09	14.30
Total number of valid patents	item(s)	1,830	2,149	2,646
Number of valid patents per RMB million of revenue	item(s)	0.0112	0.0149	0.0218
Number of newly filed invention patent applications during the year	item(s)	583	783	941
Number of newly granted invention patents during the year	item(s)	116	120	242
Number of software copyrights	item(s)	59	92	108
Number of software copyrights per RMB million of revenue	item(s)	0.0004	0.0006	0.0009
Environmental Performance				
Environmental compliance management				
Environmental protection investment	RMB billions	1.9	3.9	2.8
Environmental protection investment as a percentage of operating revenue	%	1.16	2.71	2.28
Number of environmental pollution incidents	item(s)	0	0	0
Coverage rate of environmental training for employees	%	100	100	100
Proportion of sites certified to ISO 14001 Environmental Management System	%	100	100	100
Plant green coverage rate	%	-	-	Above 40
Energy utilization				
Total energy consumption	tonnes of standard coal	14,297,053.76	14,081,213.51	13,913,196.85
Total energy consumption per RMB million of revenue	tonnes of standard coal / RMB million of revenue	87.23	97.71	114.85
Steam consumption	tonnes of standard coal	-	-	1,650,105.73
Total fuel oil consumption	tonnes	-	-	7,014.81
Diesel consumption	tonnes	-	-	7,006.23
Gasoline consumption	tonnes	-	-	8.58
Coal consumption	tonnes	-	-	11,620,542.70
Natural gas consumption	m^3	-	-	255,306,016.93
Total electricity consumption	TWh	15.1	15.3	15.2
Self-generated electricity	GWh	9,222.86	9,666.82	9,999.77
Installed self-owned clean energy generation capacity (photovoltaic)	MW	-	-	64
Annual self-owned clean energy generation (photovoltaic)	GWh	-	-	25.52
Water resource utilization				
Total water consumption	million m^3	4,653.13	4,203.36	4,383.69
Total water consumption per RMB million of revenue	m^3 / RMB million of revenue	28,400	29,200	36,200
Freshwater withdrawal	tonnes	95,337,685	91,150,352	91,508,559
Circulating water consumption	tonnes	4,557,787,501	4,112,211,237	4,292,181,001
Water recycling rate	%	97.95	97.83	97.91
Pollutant emissions				
Wastewater discharge volume	tonnes	26,007,761	25,806,847	26,732,136
Chemical oxygen demand (COD) emissions	tonnes	354.77	299.71	282.65
Ammonia nitrogen (NH_3-N) emissions	tonnes	18.03	14.50	14.50
Sulfur dioxide (SO_2) emissions	tonnes	5,740	4,537	3,769
Sulfur oxide emissions per RMB million of revenue	tonnes / RMB million of revenue	0.04	0.03	0.03
Nitrogen oxides (NO_x) emissions	tonnes	15,867	14,437	9,111
Nitrogen oxide (NO_x) emissions per RMB million of revenue	tonnes / RMB million of revenue	0.10	0.10	0.08
Particulate matter (PM) emissions	tonnes	21,744	20,006	9,545
Suspended particles and particulate matter (PM) emissions per RMB million of revenue	tonnes / RMB million of revenue	0.13	0.14	0.08
Resource utilization				
Hazardous waste disposal volume	tonnes	199,277	235,855	165,494
Solid waste utilization volume	tonnes	12,987,443	12,997,971	13,123,827
Solid waste utilization per RMB million of revenue	tonnes / RMB million of revenue	79.24	90.19	108.34
Comprehensive utilization rate of solid waste	%	-	-	Above 98
Comprehensive utilization rate of steel slag	%	100	100	100
Dust and sludge recycling rate	%	100	100	100

Indicator Name	Unit	2023	2024	2025
Social Performance				
Employment				
Total number of employees	persons	23,676	23,419	23,130
Number of female employees	persons	2,811	2,720	3,195
Percentage of female employees	%	11.87	11.61	13.81
Ethnic minority employees	persons	481	477	479
Percentage of ethnic minority employees	%	2.03	2.04	2.07
Number of employee departures	persons	187	179	156
Number of employees in difficulty receiving assistance	persons	913	1,094	950
Number of employees in difficulty receiving assistance per RMB million of revenue	persons	0.0056	0.0076	0.0078
Labor contract signing rate	%	100	100	100
Social insurance coverage rate	%	100	100	100
Average paid leave days per employee	days	10.14	10.24	10.42
Employee training coverage rate	%	100	100	100
Total employee training hours	hours	609,286	819,665	971,460
Average training hours per employee	hours	26	35	42
Percentage of employees receiving vocational and skills training	%	100	100	100
Health examination coverage rate	%	100	100	100
Number of employees with disabilities	persons	335	327	304
Percentage of employees with disabilities	%	1.41	1.40	1.31
Occupational health and safety				
Number of work-related fatalities	persons	0	2	1
Number of work-related fatalities per RMB billion of revenue	persons	0	0.00014	0.00008
Work safety investment	RMB million	250.31	284.45	232.42
Work safety investment as a percentage of operating revenue	%	0.15	0.18	0.19
Number of major and above accidents	case(s)	0	0	0
Fatality rate from major and above accidents	%	0	0	0
Participants in work safety training	person-times	271,025	246,585	252,940
Duration of Work Safety Training	hours	203,140	190,396	197,428
Average Duration of Safety Training per Employee	hours	8.58	8.13	8.54
Percentage of products withdrawn or recalled for health and safety reasons	%	0	0	0
Protection of customer rights and interests				
Customer satisfaction	%	93.93	95.43	94.39
Supply chain safety				
Number of suppliers	suppliers	4,179	4,264	4,268
Localization rate of procurement	%	24.86	23.08	23.34
Number of local suppliers	suppliers	1,039	984	996
Social contribution				
Total volunteer service hours	hours	27,227	28,337	30,773
Average volunteer service hours per volunteer	hours	1.15	1.21	1.33
Funds invested in social contribution activities	RMB million	15.69	16.40	24.62
Participants in social contribution activities	person-times	12,800	13,650	14,065
Total investment in rural revitalization	RMB million	9.42	5.01	10.22
Scope and number of beneficiaries of rural revitalization	persons	6,116	5,716	9,521
Governance Performance				
Proportion of independent directors	%	33.33	33.33	33.33
Proportion of independent and external directors	%	44.44	44.44	44.44[4]
Proportion of female directors	%	11.11	11.11	11.11
Standard deviation of the ages of directors, supervisors, and senior executives	years	5.53	5.94	6.89
Proportion of independent directors serving more than six years	%	0	0	0
Proportion of independent directors serving more than nine years	%	0	0	0
Proportion of independent directors serving on the boards of more than three listed companies	%	0	0	0
Proportion of independent directors serving on the boards of more than six listed companies	%	0	0	0
Average tenure of Board members	years	3.02	3.62	3.57
Number of Board meetings	meeting(s)	9	9	10
Attendance rate of Board members	%	100	100	100
Number of directors attending fewer than 75% of meetings	persons	0	0	0
Number of Audit Committee meetings	meeting(s)	5	6	4
Proportion of independent directors on the Audit Committee	%	66.67	66.67	66.67
Number of Nomination and Remuneration Committee meetings	meeting(s)	3	1	3
Proportion of independent directors on the Nomination and Remuneration Committee	%	66.67	66.67	66.67
Proportion of female senior executives	%	33.33	33.33	33.33
Proportion of operational sites subject to corruption risk assessment	%	100	100	100
Shareholding ratio of senior executives	%	0.0017	0	0
Share pledge ratio	%	0	0	0

4 This figure represents the average proportion for 2025. In February 2026, following the election of directors, the proportion was adjusted to 55.56% (see Chapter III, "Standardizing Corporate Governance" of this report for details).

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Feedback

Dear Readers,

Thank you for reading the Valin Steel 2025 Sustainability Report. To continuously improve our report preparation, we sincerely welcome your opinions and suggestions. We would appreciate your assistance in completing the questions set out in the feedback form below and returning your feedback to us through one of the following channels.

Company address: No. 222 Xiangfu West Road, Changsha, Hunan

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1. This report comprehensively and accurately reflects the Company's significant impacts on the economy, society, and the environment.

○Excellent ○Good ○Average ○Poor

2. This report's response to and disclosure of issues of concern to stakeholders.

○Excellent ○Good ○Average ○Poor

3. The information, indicators, and data disclosed in this report are clear, accurate, and complete.

○Excellent ○Gooda ○Average ○Poor

4. The readability of this report, including its logical structure, content design, language, and layout design.

○Excellent ○Good ○Average ○Poor

5. What aspects of this report are you most satisfied with?

_____

6. What other information do you think you are concerned about is not disclosed in this report?

_____

7. What suggestions do you have for our future preparation of sustainability reports?

_____

Scan to share your opinion

Valin Steel Honors in Previous Years (2022–2024)

Product Manufacturing		
2022	Structural steel for bridges was awarded the title of Enterprise Standard "Leader"	Xiangtan Steel
2022	Obtained the IATF quality management system certificate	Xiangtan Steel
2022	Obtained QMS-ENGUS-ENAC certification (EU)	Xiangtan Steel
2022	Obtained QMS-ENGUS-UKAS certification (UK)	Xiangtan Steel
2022	Awarded the title of "Gold Medal Supplier" by GSI	Xiangtan Steel
2022	Awarded the title of "Strategic Partner" by Beijing China Railway Construction Engineering Group	Xiangtan Steel
2022	Awarded the title of "Strategic Supplier" by Zhanghua Machinery	Xiangtan Steel
2022	Awarded the title of "Strategic Cooperation Unit" by Zhengzhou Yuguang	Xiangtan Steel
2022	Awarded the title of "Gold Medal Supplier" by Sunward Intelligent	Xiangtan Steel
2022	Awarded the title of "Gold Medal Supplier" by China State Shipbuilding Corporation	LY Steel
2022	Awarded the title of "Best Strategic Partner" by Hong Kong Kimberly Group Limited	LY Steel
2022	Received the "Outstanding Contribution Award" from Zoomlion Engineering Crane Company	LY Steel
2022	Received the "Outstanding Contribution Award" from SANY Hoisting	LY Steel
2022	Recognized by LGMI as one of the Top 10 High-Quality Brands of State-Owned Construction Steel among the 2022 National Gold Medal Suppliers	LY Steel
2022	Awarded the title of "Class A Excellent Supplier" by Dongfang Boiler Co., Ltd., Dongfang Electric Corporation	HYST
2022	Received the honor of "High-Quality Cooperation Partner" from China Petroleum Technology & Development Corporation	HYST
2022	Awarded the title of "Tier-1 Strategic Supplier" by China Huanqiu Contracting & Engineering Co., Ltd.	HYST
2022	Awarded the title of "Tier-1 Strategic Supplier" by China Huanqiu Contracting & Engineering Co., Ltd.	HYST
2022	Received a commemorative plaque of appreciation from Dongfeng Honda for localization and supply assurance under its import project	VAMA
2022	Awarded the title of "Annual Strategic Partner" by Guangzhou Branch of Materials Industry & Trade Co., Ltd.of China Railway No. 4 Engineering Group	Yangchun New Steel
2022	Received the honor of "Annual Strategic Partner" from Sino-hydro Corporation Engineering Bureau 15 Co, Ltd.	Yangchun New Steel
2022	Obtained CNAS accreditation certificate for the physical and chemical testing laboratory	Xiangtan Steel
2022	"Import Substitution Development and Serialization of Crane Boom Steel" was recognized in the project list of the 7th China Grand Awards for Industry	LY Steel
2022	High-strength wear-resistant steel plates and strips for construction machinery were awarded the title of Enterprise Standard "Leader"	LY Steel
2022	Obtained ISO 9001:2015 quality management system certification	LY Steel
2022	Obtained the LRQA quality management system certificate	LY Steel
2022	Awarded the title of China Outstanding Steel Enterprise Brand	LY Steel
2022	Awarded the title of National Demonstration Enterprise for Product and Service Quality Integrity	LY Steel
2022	National Quality-Leading Enterprise in the Steel Industry	LY Steel
2022	National Product with Stable and Qualified Quality Inspection Results	LY Steel
2022	National Trustworthy Product in Quality Inspection	LY Steel
2022	Awarded the title of National Quality-Leading Brand in the Steel Industry	LY Steel
2022	National Product with Guaranteed Quality Reputation	LY Steel
2022	National Benchmark Enterprise for Quality Integrity	LY Steel
2022	National Enterprise for Integrity in Quality Inspection	LY Steel
2022	China Outstanding Steel Enterprise Brand	HYST
2022	Obtained JIS Q 19001 and JIS 3444 certificates for structural tubes	HYST
2022	Obtained API Q1 (American Petroleum Institute) certificate	HYST
2022	Received the Commendation Award of the 6th China Grand Awards for Industry	HYST
2022	Cold-rolled continuous hot-forming steel sheet and strip for automotive use was recognized as a 2022 Standard Leader by the State Administration for Market Regulation	VAMA
2022	The testing center obtained CNAS national laboratory accreditation	Yangchun New Steel
2023	Golden Cup High-Quality Product: Alloy steel for cold heading	Xiangtan Steel
2023	Golden Cup High-Quality Product: Quenched and tempered 07MnMoVR steel plate for pressure vessels	Xiangtan Steel
2023	Golden Cup High-Quality Product: Hot-rolled alloy tube billet for boilers and heat exchangers	Xiangtan Steel
2023	Golden Cup High-Quality Product: Wide and heavy steel plate for oil and natural gas	Xiangtan Steel
2023	Golden Cup High-Quality Product: Ultra-high-strength steel for shipbuilding and offshore engineering structures	Xiangtan Steel
2023	Golden Cup High-Quality Product: Hot-rolled wire rod for prestressed steel wire and steel strand	Xiangtan Steel
2023	Golden Cup High-Quality Product: High-strength wear-resistant steel plate for construction machinery	LY Steel
2023	Golden Cup High-Quality Product: Hot-rolled ribbed steel bars in straight lengths for reinforced concrete	LY Steel

2023	Golden Cup High-Quality Product: Hot-rolled alloy structural steel strip	LY Steel
2023	Golden Cup High-Quality Product: Hot-rolled steel strip for diamond saw blade substrates	LY Steel
2023	Golden Cup High-Quality Product: Continuously hot-dip galvanized dual-phase steel strip	LY Steel
2023	Golden Cup High-Quality Product: Cold-rolled hot-forming steel sheet and strip	LY Steel
2023	Golden Cup High-Quality Product: Seamless steel tubes for gas cylinders	HYST
2023	Golden Cup High-Quality Product: Seamless casing pipes for oil and gas wells in the petroleum and natural gas industry	HYST
2023	Golden Cup High-Quality Product: Hot-rolled ribbed steel bars for reinforced concrete	Yangchun New Steel
2023	China Outstanding Steel Enterprise Brand	Xiangtan Steel
2023	China Outstanding Steel Enterprise Brand	LY Steel
2023	China Outstanding Steel Enterprise Brand	HYST
2023	China Excellent Steel Enterprise Brand	Yangchun New Steel
2022-2023	Brand of Major Circulating Steel Mills in Hunan Province	Xiangtan Steel
2023	Annual Gold Medal Supplier of Sunward Intelligent	Xiangtan Steel
2023	Annual Gold Medal Supplier of China State Shipbuilding Corporation	Xiangtan Steel
2023	Class A Supplier (Nantong COSCO Shipping Shipyard Engineering Co., Ltd.; Qidong COSCO Shipping Offshore Engineering Co., Ltd.)	Xiangtan Steel
2023	Key Supplier (China Railway Baoji Bridge Group Co., Ltd.)	Xiangtan Steel
2023	High-Quality Producer of Wind Power Steel in China	Xiangtan Steel
2023	Excellent Supplier of GSI	Xiangtan Steel
2023	Excellent Supplier of COSCO SHIPPING	Xiangtan Steel
2023	Excellent Supplier of the Pump Truck Business Unit of SANY Heavy Industry	Xiangtan Steel
2023	Excellent Supplier of Sany Heavy Lifting Business Unit	Xiangtan Steel
2023	Strategic Partner of China Merchants Industry Group	Xiangtan Steel
2023	Best Support Award of Zoomlion	Xiangtan Steel
2023	Commemorative Award for 15 Years of Cooperation in Quality Certification with LRQA	Xiangtan Steel
2023	Outstanding Unit in Quality Standardization Work in the Steel Industry	LY Steel
2023	Enterprise Standard "Leader"	LY Steel
2023	National Benchmark Enterprise for Quality Integrity	LY Steel
2023	National Product with Guaranteed Quality Reputation	LY Steel
2023	National Enterprise for Integrity in Quality Inspection in the Steel Industry	Xiangtan Steel
2023	Quality-Leading Enterprise	LY Steel
2023	National Product with Stable and Qualified Quality Inspection Results	LY Steel
2023	National Quality-Leading Brand in the Steel Industry	Xiangtan Steel
2023	National Product with Guaranteed Quality Reputation in Quality Inspection	LY Steel
2023	National Benchmark Enterprise for Quality Integrity	LY Steel
2023	Excellent Supplier of SANY Heavy Lifting	HYST
2023	National High-Quality Seamless Tube Producer of Mysteel	HYST
2023	Leading Brand of Engineering Pipes in China	HYST
2023	Ford Global Q1 Quality System Award Plaque	VAMA
2023	Excellent Supplier Award of Ningbo Huaxiang	VAMA
2023	Most Innovative Award at SERES's 3rd Lightweighting Conference and Advanced Technology Exhibition	VAMA
2023	Excellent Supplier of China Railway Seventh Group Co., Ltd.	Yangchun New Steel
2024	Golden Cup Premium Product: Cold-rolled hot-forming steel sheet and strip	LY Steel
2024	Golden Cup Premium Product: Weather-resistant structural steel plate for bridges	Xiangtan Steel
2024	Golden Cup High-Quality Product: Structural steel with guaranteed hardenability	Xiangtan Steel
2024	Golden Cup High-Quality Product: Heat-treated steel plate for ultra-high-strength structures	Xiangtan Steel
2024	Golden Cup High-Quality Product: Hot-rolled wire rod for free-cutting steel	Xiangtan Steel
2024	Golden Cup High-Quality Product: Hot-rolled alloy tube billet for high-pressure boilers	Xiangtan Steel
2024	Golden Cup High-Quality Product: Steel plate for building structures	Xiangtan Steel
2024	Golden Cup High-Quality Product: Hot-rolled wire rod for steel used in cold heading and cold extrusion	Xiangtan Steel
2024	Golden Cup High-Quality Product: Weather-resistant structural steel plate for bridges	Xiangtan Steel
2024	The 8th Batch of National Manufacturing Single Champions	Xiangtan Steel
2024	China Outstanding Steel Enterprise Brand	Xiangtan Steel
2024	National Quality-Leading Brand in the Steel Industry	Xiangtan Steel
2024	Double First-Class Brand Management System for Large Steel Enterprises	Xiangtan Steel
2024	National Enterprise for Integrity in Quality Inspection	Xiangtan Steel

2024	China Steel Industry Product Market Development Award	Xiangtan Steel
2024	5th Outstanding Innovation Achievement in Modern Industrial Enterprises	Xiangtan Steel
2024	Pilot Enterprise for the Construction of Hunan Provincial Innovation Consortiums	Xiangtan Steel
2024	Golden Cup Premium Products: LG1500	LY Steel
2024	Golden Cup High-Quality Product: High-manganese austenitic wear-resistant steel plate	LY Steel
2024	Golden Cup High-Quality Product: Heat-treated steel plate for construction machinery	LY Steel
2024	Golden Cup High-Quality Product: Hot-rolled steel sheet and strip of quality carbon structural steel	LY Steel
2024	Golden Cup High-Quality Product: Continuously hot-dip galvanized high-strength interstitial-free steel strip	LY Steel
2024	Golden Cup High-Quality Product: Continuously hot-dip galvanized low-alloy steel strip	LY Steel
2024	Golden Cup High-Quality Product: Steel for low-temperature pressure vessels	LY Steel
2024	"Three Innovations" Brand	LY Steel
2024	Most Influential Steel Brand in Wuhan	LY Steel
2024	National Product with Stable and Qualified Quality Inspection Results	LY Steel
2024	High-manganese steel obtained DNV Works Approval Certificate	LY Steel
2024	Golden Cup High-Quality Product: Seamless steel tubes for high-pressure boilers	HYST
2024	Golden Cup High-Quality Product: Tubes for offshore engineering	HYST
2024	Golden Cup High-Quality Product: Seamless steel tubes for crane booms	HYST
2024	Golden Cup High-Quality Product: Steel pipes for casing used in oil and gas wells in the petroleum and natural gas industry	HYST
2024	Golden Cup High-Quality Product: Seamless steel tubes for rotary drilling rig drill rods	HYST
2024	Mysteel National High-Quality Seamless Tube	HYST
2024	Recognized as a Hunan Province Benchmark Enterprise for the "Three Products" Initiative in Raw Materials	HYST
2024	Golden Cup High-Quality Product: Hot-rolled ribbed steel bars in straight lengths for reinforced concrete	Yangchun New Steel
2024	Golden Cup High-Quality Product: Hot-rolled plain steel bars for reinforced concrete	Yangchun New Steel
2024	Chinese Steel Enterprise with Strong Patent Innovation Potential	Yangchun New Steel
2024	Hunan Province Quality Benchmark in Manufacturing	VAMA
2024	Outstanding Enterprise in Quality Control Circle Activities in Hunan Province	VAMA
2024	Second Prize for Quality Improvement Achievements	VAMA

Innovation and R&D		
2022	First Prize of the Metallurgical Science and Technology Award	Xiangtan Steel
2022	First Prize of the Hunan Provincial Technological Invention Award of Jiangxi University of Science and Technology	Xiangtan Steel
2022	First Prize of the Marine Science and Technology Award	Xiangtan Steel
2022	Second Prize of the Hunan Provincial Science and Technology Progress Award	Xiangtan Steel
2022	National Enterprise Technology Center	LY Steel
2022	First Prize of the Hunan Advanced Technology Transformation and Application Competition	LY Steel
2022	First Prize and Third Prize of the National Metallurgical Science and Technology Progress Awards	LY Steel
2022	First Prize of the Science and Technology Award of the Chinese Society for Corrosion and Protection	LY Steel
2022	First Prize of the Hunan Provincial Science and Technology Progress Award	LY Steel
2022	Third Prize of the Mechanical Industry Science and Technology Progress Award	HYST
2022	First Prize of the Guangdong Metallurgical Science and Technology Achievement Award	Yangchun New Steel
2023	National Enterprise Technology Center	Xiangtan Steel
2023	Grand Prize, First Prize, and Third Prize of the Metallurgical Science and Technology Award	Xiangtan Steel
2023	First Prize, Second Prize, and Third Prize of the Science and Technology Award	LY Steel
2023	First Prize of the Jiangxi Provincial Science and Technology Progress Award in Metallurgy	Xiangtan Steel
2023	First Prize of the Invention and Entrepreneurship Award of the China Association of Invention	Xiangtan Steel
2023	Second Prize and Third Prize of the Hunan Patent Award	LY Steel
2023	First Prize of the Shanghai Technological Invention Award	LY Steel
2023	First Prize of the Science Award of the Chinese Society for Corrosion and Protection	LY Steel
2023	Second Prize of the Science and Technology Award of the China Steel Construction Society	HYST
2023	Commendation Award of the 7th China Grand Awards for Industry	LY Steel
2023	Bronze Award of the 5th China Advanced Technology Transformation and Application Competition	LY Steel
2023	First Prize of the Hunan Advanced Technology Transformation and Application Competition	LY Steel
2023	First Prize of the Science and Technology Award of Metallurgical Corporation of China Limited	LY Steel
2024	Third Prize of the Shaanxi Provincial Science and Technology Progress Award	HYST
2024	First Prize of the Metallurgical Science and Technology Award	Xiangtan Steel

2024	First Prize of the Metallurgical Science and Technology Award	LY Steel
2024	Second Prize of the Metallurgical Science and Technology Award	Xiangtan Steel
2024	Second Prize and Third Prize of the Metallurgical Science and Technology Award	HYST
2024	Second Prize of the Invention and Innovation Award of the China Association of Invention	HYST
2024	Second Prize of the Science and Technology Award of the Chinese Society for Corrosion and Protection	LY Steel
2024	Second Prize of the Science and Technology Progress Award of the China Steel Construction Society	HYST
2024	Second Prize of the Mechanical Industry Science and Technology Progress Award	LY Steel
2024	First Prize of the Guangdong Metallurgical Science and Technology Achievement Award	Yangchun New Steel
2024	First Prize of the Hunan Provincial Science and Technology Progress Award	Xiangtan Steel、HYST
2024	First Prize of the Hubei Provincial Science and Technology Progress Award	LY Steel、HYST
2024	Second Prize and Third Prize of the Hunan Provincial Science and Technology Progress Award	Xiangtan Steel
2024	Second Prize of the Hubei Provincial Science and Technology Progress Award	LY Steel
2024	Second Prize of the Hunan Provincial Science and Technology Progress Award	HYST
2024	National Enterprise Technology Center	Xiangtan Steel
2024	National Metrology Data Construction and Application Base (Advanced Steel Materials)	Xiangtan Steel
2024	Hunan Innovation Consortium for R&D and Application of Metallic Materials for Special and Complex Marine Environments	Xiangtan Steel
2024	Hunan Manufacturing Innovation Center – High-Quality Silicon Steel Manufacturing Process	LY Steel
2024	Hunan Engineering Research Center for Thin-Gauge High-Frequency Silicon Steel	LY Steel
2024	Hunan Innovation Consortium for High-Quality Grain-Oriented Silicon Steel	LY Steel
2024	Hunan Industrial Design Center	HYST

Green Production / Safety and Intelligent Manufacturing		
2022	Awarded the title of "Benchmark Enterprise for Green Development in the Steel Industry" in China Metallurgical News's "Searching for the Most Beautiful Green Steel City" campaign	LY Steel
2022	Hunan Province Green Factory	LY Steel
2022	Demonstration Unit of Hunan Province Green Manufacturing System – Green Factory	HYST
2022	Awarded the title of "Hunan Province Benchmark Water-Saving Enterprise"	HYST
2022	Rated by the Guangdong Provincial Department of Ecology and Environment as a Green Brand "Environmental Integrity Enterprise" for five consecutive years	Yangchun New Steel
2022	Rebar products obtained the "Certificate for Products Selected for Green Buildings"	LY Steel
2022	Rebar products were included in the "Directory of Products Selected for Green Buildings" and obtained corresponding certification	LY Steel
2022	Awarded the title of "National Demonstration Enterprise for Safety Culture Development"	VAMA
2022	Hunan Province Benchmark Enterprise for Intelligent Manufacturing	Xiangtan Steel
2022	The "5G + AI Surface Quality Inspection for Bar Products" project was selected as a National Excellent Intelligent Manufacturing Scenario Case in 2022	Xiangtan Steel
2022	The "Automatic Slab Transfer" case was selected as a Steel Industry Intelligent Manufacturing Solution in 2022	Xiangtan Steel
2022	Outstanding Enterprise in Smart Steel City Development	LY Steel
2023	National Green Factory for Steel Enterprises	Xiangtan Steel
2023	National Smart Factory	Xiangtan Steel
2023	Hunan Province Intelligent Manufacturing Demonstration Factory for Medium and Heavy Plate	Xiangtan Steel
2023	Benchmark Enterprise for Green Development in the Steel Industry by China Metallurgical News	LY Steel
2023	Hunan Province Demonstration Factory for "5G + Industrial Internet"	LY Steel
2023	The treatment and application of highly efficient reuse of circulating water in steel enterprises won the First Prize of the Guangdong Metallurgical Science and Technology Achievement Award	Yangchun New Steel
2024	Hunan Province Pilot-Scale Testing Platform for Green High-Performance Silicon Steel	LY Steel
2024	Highest Rating in the SASAC Special Assessment for "Sci-Tech Reform Enterprises"	LY Steel
2024	The steel smart energy management and control platform was awarded the title of "2024 Hunan Province Digital New Infrastructure"	LY Steel
2024	The cold-rolled lean digital production system won the 2024 Steel Industry Intelligent Manufacturing Solution Award from the China Iron and Steel Association	LY Steel
2024	Included in the cultivation list for the industry's "Best Practice Energy Efficiency Benchmark Demonstration Plant" for carbon peaking and carbon neutrality	LY Steel
2024	The full-process quality control center was awarded the title of "Zhifu Wanqi Hunan Province Benchmark Project for Digital Transformation"	LY Steel

2024	The equipment intelligent operation and maintenance system project was recognized as a 2024 Benchmark Informationization Project for Provincially Supervised SOEs	LY Steel
2024	The Pangu Large Model won the 2024 International Telecommunication Union Global AI Innovation Excellence Award	Xiangtan Steel
2024	The "Intelligent Monitoring System Based on Digital Twins and Video Fusion" was recognized as a 2024 Hunan Province Benchmark Project for Manufacturing Digital Transformation	Xiangtan Steel
2024	One of the first Excellence-Level Intelligent Factories in China (Cloud + AI Intelligent Factory for the Full Process of Medium and Heavy Plate Manufacturing)	Xiangtan Steel
2024	"Building a World-Class Smart Steel Plant for Steel Enterprises" won the First Prize for Modernized Management Innovation Achievements in National Enterprises	Xiangtan Steel
2024	The "Intelligent Belt Monitoring System Based on Machine Vision" was recognized as one of the Top Ten Typical Application Scenarios in Hunan Province's "Zhifu Wanqi" initiative in 2024	Xiangtan Steel
2024	"R&D and Application of a Digital Twin-Based Visualized Centralized Control Platform for Rolling Production Lines" won First Prize from the China Association of Plant Engineering	Xiangtan Steel
2024	The "5G + AI Drone-Based Integrated Air-and-Space Inspection System" was recognized as a Typical Application Scenario for AI-Empowered New Industrialization in Hunan Province in 2024	Xiangtan Steel
2024	Outstanding Enterprise for Green Development in the Steel Industry	Xiangtan Steel
2024	National Industrial Tourism Demonstration Base	Xiangtan Steel
2024	Included in the cultivation list for the industry's "Best Practice Energy Efficiency Benchmark Demonstration Plant" for carbon peaking and carbon neutrality	Xiangtan Steel
2024	Successfully achieved Class A environmental performance	VAMA
2024	Hunan Province Industrial Internet Platform	HYST
2024	Hunan Province Benchmark Factory for "5G + Industrial Internet"	HYST

Corporate Governance / Investor Relations		
2022	Ranked first on the 2022 Hunan A-share Listed Companies Scale Ranking	Valin Steel
2022	Included among the top 10 on the 2022 Hunan A-share Listed Companies Innovation Capability Ranking	Valin Steel
2022	Included among the top 10 on the 2022 Hunan A-share Listed Companies Social Responsibility Ranking	Valin Steel
2022	Top 100 Growth Listed Companies in China (16th edition)	Valin Steel
2022	Included in the 2022 A-share Listed Companies Cash Dividend Ranking – Generous Shareholder Return List	Valin Steel
2022	Received the honor of "Investor Relations Pioneer Award"	Valin Steel
2022	Received the CAPCO Classic Case Award for Capital Market Risk Resolution	Valin Steel
2023	Best Practice Award for ESG Value Creation	Valin Steel
2023	Highest "5A" Rating in Board Secretary Performance Evaluation	Valin Steel
2023	"Best Practice Award for Board Office"	Valin Steel
2023	Top 100 on the Paper's 2023 China Listed Companies Value List	Valin Steel
2023	Included among the top 10 on the Hunan Listed Companies Scale Ranking	Valin Steel
2023	Included among the top 10 on the Hunan Listed Companies Innovation Capability Ranking	Valin Steel
2023	Included among the top 10 on the Hunan Listed Companies Social Responsibility Ranking	Valin Steel
2023	Ranked No. 82 on the Fortune China 500 Listed Companies list	Valin Steel
2024	Highest "5A" Rating in the 2024 Board Secretary Performance Evaluation	Valin Steel
2024	15th Tianma Award for Investor Relations of Listed Companies	Valin Steel
2024	Included among the top 10 Hunan listed companies by annual dividend yield	Valin Steel
2024	Outstanding Board Office Award	Valin Steel
2024	Included among the top 10 Hunan listed companies by annual revenue and profit	Valin Steel
2024	"Hunan University Business School – Twenty Years of Excellence, Creating Brilliance Together" Award	Valin Steel
2024	Outstanding Case of Social Responsibility in the Steel Industry (2024)	Valin Steel
2024	Included among the top 10 Hunan listed companies by annual innovation investment	Valin Steel
2024	Included among the top 10 Hunan listed companies by tax contribution and employment contribution	Valin Steel
2024	Tonghuashun Best Investor Relations Award	Valin Steel

湖南华菱钢铁股份有限公司
HUNAN VALIN STEEL COMPANY LTD.
钢材产品整体解决方案综合服务商

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