A Study on Internal Environmental Audit Issues in Steel Companies—Taking Maanshan Iron & Steel Company as an Example

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Abstract. With the rapid development of science and technology and the socio-economic landscape, environmental hazards are becoming increasingly serious, and environmental protection is receiving growing attention from authorities and the public. This forces all industries to re-examine their environmental management and internal sustainable development. Simultaneously, as internal auditing plays an increasingly important role and encompasses a wider range of content within enterprises, internal environmental auditing, as a new type of internal auditing and a crucial means of monitoring environmental pollution indicators and promoting sustainable development, should fully realize its functions. This article takes the steel industry, one of the most polluting industries, as an example, focusing on Ma'anshan Iron and Steel Company. After explaining the concepts of environmental auditing and internal environmental auditing, and comparing the current status of internal environmental auditing in domestic and international enterprises, it describes the current state of internal environmental auditing at Ma'anshan Iron and Steel Company, deeply analyzes the problems and causes of these issues, and proposes corresponding solutions. The article is divided into five parts: Part One introduces the research background and significance; Part Two reviews the literature; Part Three introduces relevant theories and concepts; Part Four presents a case study; Part Five analyzes the case and proposes solutions; and Part Six concludes the article.

Keywords: Ma'anshan Iron and Steel Company, environmental auditing, internal environmental auditing.

1. Introduction

1.1. Research Background

The environment is a fundamental condition for social survival and development. With the development of the social economy, environmental protection has become an unavoidable and important issue, placed on the agenda of governments worldwide. Protecting the environment, reducing pollution, and curbing ecological degradation have become important tasks of government social management. For my country, protecting green mountains and clear waters is protecting invaluable assets, which is of great significance to promoting economic and social development. Currently, environmental pollution in my country remains relatively serious. Although the government has increased its management efforts, it is still somewhat ineffective for some heavily polluting enterprises. There is a greater need to emphasize internal environmental auditing and improve the internal environmental auditing process to assist government management and ultimately achieve the goal of environmental protection.

The steel industry is one of the industries that currently causes the greatest disruption to the natural and social ecological environment, and it is representative of heavily polluting enterprises. Traditional steel production methods provide humanity with a large amount of steel resources, but at the same time, they also cause extremely serious environmental pollution, exacerbating the conflict between humans and the natural environment. The steel industry's pollution and damage to the environment are mainly due to the large amounts of wastewater, waste gas, and solid waste discharged during production activities. In 2012, wastewater containing heavy metals from the steel industry accounted for 19.5% of the total industrial emissions nationwide, ranking second. Recent surveys in my country show that for every ton of steel produced, the steel industry generates 20,000 cubic meters of waste gas, accounting for 16% of the total industrial emissions annually, also ranking second. However, my country's environmental protection laws and policies are still imperfect, failing to achieve truly strict supervision of enterprises. Enterprises themselves also tend to downplay the severity of their problems, leading to inaccurate and incomplete disclosure of many relevant indicators.

As environmental issues increasingly become a key focus of public and government attention, strengthening enterprises' environmental awareness and improving internal environmental audits is imperative. This will not only safeguard the healthy development of enterprises and the social economy but also provide the public with a truly suitable living environment. Furthermore, pollution problems are prominent in my country's steel industry, but the implementation of environmental audits within steel enterprises is less than ideal. Some steel enterprises remain indifferent, while others, though implementing audits, merely go through the motions, failing to realize the proper role of environmental audits in environmental protection. Therefore, taking my country's steel enterprises as an example and conducting research on internal environmental audits in conjunction with the characteristics of these enterprises is of practical significance for promoting the implementation of environmental audits within heavily polluting enterprises.

1.2. Research Significance

1.2.1. Practical Significance

This research provides practical guidance for enterprises' environmental management practices. By analyzing the benefits of environmental auditing for corporate sustainable development, it offers practical guidance on how enterprises can establish environmental management systems, formulate effective environmental management strategies, improve environmental management levels, reduce environmental risks, and achieve sustainable development.

1.2.2. Policy Significance

This research provides important reference for governments in formulating environmental protection and regulatory policies, promotes enterprises to strengthen environmental management and improve environmental performance, and facilitates the in-depth development of environmental protection work. Specifically, by analyzing the role of environmental auditing in corporate sustainable development, this paper provides concrete and feasible policy recommendations for governments to strengthen environmental supervision, optimize environmental protection policies, promote the standardization of environmental management, and promote the development of corporate social responsibility, thus contributing to the process of social sustainable development.

1.2.3. Economic Significance

The economic significance is mainly reflected in the following aspects: First, environmental auditing helps enterprises save costs by identifying energy-saving and emission-reduction measures and resource utilization optimization schemes, thereby reducing production costs and improving economic efficiency. Second, environmental auditing helps reduce environmental risks and avoid economic losses caused by environmental accidents and pollution incidents. Third, environmental auditing can enhance the market competitiveness of enterprises, attract more consumers and investors, and promote long-term development. Furthermore, environmental auditing helps promote enterprise innovation, stimulates innovation vitality, and achieves sustainable economic development. Finally, environmental auditing can help enterprises comply with relevant policies and regulations, avoid economic losses caused by violations, and ensure the stability and sustainable development of enterprises. In summary, the economic significance of environmental auditing for enterprises lies in improving economic efficiency, reducing economic risks, enhancing market competitiveness, promoting innovative development, and complying with policies and regulations, thus possessing significant economic value for the sustainable development of enterprises.

1.2.4. Social Significance

The social significance lies in emphasizing the importance of environmental auditing in promoting environmental protection, fulfilling social responsibility, developing a green economy, and promoting social harmony and stability. Through environmental auditing, enterprises can effectively identify and solve environmental problems, enhance their public image and credibility, promote the development of a green economy, and contribute to sustainable social development. In addition, environmental audits can help enhance a company's competitiveness in the international market, strengthen its international image, and promote its sustainable development on the international stage.

2. Literature Review

Lu Tong (2020) explored the impact of environmental auditing on corporate sustainable development. Through an investigation and analysis of the application of environmental auditing in corporate environmental management, they found that environmental auditing helps companies improve their environmental management level, reduce environmental risks, and enhance their competitiveness in sustainable development.

Li Meng (2019) analyzed the role of environmental auditing in corporate sustainable development. Through case studies and theoretical analysis, they found that environmental auditing helps companies achieve a balance between environmental protection, compliance management, and economic benefits.

Chen Xihui et al. (2022) systematically elaborated on the relationship between environmental auditing and corporate sustainable development. By collecting and organizing global cases and practical experiences, they pointed out the important role of environmental auditing in corporate environmental management and sustainable development. This report provides rich case references and theoretical support for companies implementing environmental auditing.

Lü Wendai et al. (2021) explored the impact of corporate environmental responsibility reports on environmental performance. Through analysis of corporate environmental responsibility reports and environmental performance data, they found that corporate environmental responsibility reports play an important role in improving corporate environmental performance. Environmental auditing, as an important component of corporate environmental responsibility reports, plays a key role in improving corporate environmental performance. Zhao Yiming (2023) analyzed the development trends of environmental auditing globally and explored its implications for corporate sustainable development. Through comparison and summarization of environmental auditing practices in multiple countries and regions, the study found that environmental auditing exhibits some common development trends globally, such as continuous innovation in technological means, gradual expansion of audit scope, and increased social participation. The study further points out that the global development trends of environmental auditing have important implications for corporate sustainable development, providing useful references and guidance for enterprises in their environmental auditing practices.

The study also comprehensively analyzed the impact of environmental auditing on corporate sustainable development. Through analysis of multiple documents and monographs, the study found that environmental auditing plays a positive role in improving corporate environmental management, optimizing resource utilization, reducing environmental risks, and enhancing social responsibility awareness. These studies delve into the impact of environmental auditing on enterprises at different levels, from theory to practice, and from domestic to international perspectives, providing comprehensive guidance and references for enterprises when implementing environmental audits.

3. Relevant Concepts and Theories

3.1. Relevant Concepts

3.1.1. Environmental Management System (EMS)

An Environmental Management System (EMS) is an organizational structure, responsibilities, practices, procedures, processes, and resources established, implemented, maintained, and continuously improved by an enterprise to achieve its environmental policies, objectives, and legal and regulatory requirements. The establishment of an EMS aims to help enterprises identify, assess, and manage their environmental impacts, including pollutant emissions, resource consumption, energy utilization, and waste management, thereby achieving environmental protection, compliance management, and continuous improvement. EMS typically uses the "PDCA" cycle (Plan-Do-Check-Act) as its basic management method. Through continuously setting goals, implementing measures, monitoring and evaluating results, and taking necessary corrective and preventative actions, it ensures continuous improvement in the enterprise's environmental performance. The implementation of an EMS requires a culture of full participation and continuous improvement to ensure the enterprise achieves long-term sustainable development in environmental management.

3.1.2. Environmental Performance Evaluation

Environmental performance evaluation is the process of evaluating and measuring the degree to which an enterprise achieves its environmental policies, objectives, and standards, and assessing the effectiveness and efficiency of its environmental management system. Through environmental performance evaluation, enterprises can comprehensively understand the effectiveness of their environmental management practices, including performance in areas such as environmental risk control, resource utilization efficiency, and pollutant emission control. This evaluation typically includes both quantitative and qualitative indicators. Through regular monitoring, data collection, and analysis, it assesses the enterprise's environmental performance and proposes improvement suggestions to continuously enhance the enterprise's environmental management level and sustainable development capabilities.

3.2. Related Theories

3.2.1. Social Responsibility Theory

Social responsibility theory emphasizes the responsibilities and obligations that enterprises, as social organizations, should bear, including responsibilities to society, the environment, and stakeholders. This theory argues that enterprises should not only focus on pursuing economic interests but also actively fulfill their social responsibilities and promote harmonious social development. Social responsibility theory emphasizes that enterprises should consider factors such as social justice, environmental protection, and employee welfare in their business activities, and fulfill their social responsibilities by actively participating in public welfare undertakings and promoting environmental protection and sustainable development.

Social responsibility theory believes that enterprises are not merely economic entities but should be considered part of society, and should bear responsibilities and obligations to society, the environment, and stakeholders. This means that in the course of business operations, enterprises must not only pursue the maximization of economic interests but also pay attention to factors such as social justice, environmental protection, and employee welfare. Corporate social responsibility theory advocates that enterprises actively participate in public welfare undertakings, pay attention to the rights and interests of vulnerable groups, and promote environmental protection and sustainable development, thereby achieving common development for themselves and society. This theory calls on enterprises to not only pursue profits in their operations but also to assume responsibility for society and the environment in order to achieve sustainable economic, social, and environmental development.

3.2.2. Sustainable Development Theory

Sustainable development theory is an important theory about human social development, emphasizing that while meeting the needs of the current generation, it is crucial to ensure that the survival and development capabilities of future generations are not compromised. This theory posits that the economy, society, and environment are three closely interconnected aspects that interact and influence each other. Only when these three aspects are balanced and coordinated can human society achieve true sustainable development. Economically, sustainable development theory advocates for stable economic growth while focusing on the rational use and efficiency improvement of resources, avoiding overexploitation and resource depletion. Socially, sustainable development theory emphasizes promoting social justice, improving people's living standards, reducing poverty and inequality, and achieving social harmony and stability. Environmentally, sustainable development theory advocates reducing environmental pollution, protecting ecosystems, protecting biodiversity, and conserving energy and resources to ensure the health and stability of the Earth's ecosystem. In summary, sustainable development theory advocates for a balanced and harmonious interaction between humanity and nature to achieve sustainable development for both human society and the natural environment.

3.2.3. Performance Management

Theory Performance management theory is a comprehensive management approach that aims to comprehensively improve organizational performance by setting clear organizational goals, establishing an effective performance evaluation system, continuously monitoring and evaluating performance, and promptly adjusting and improving organizational operational strategies and practices. This theory emphasizes the quantifiability and measurability of goals, as well as continuous management and improvement processes, enabling organizations to better adapt to changes in the external environment, enhance competitiveness, and promote sustainable organizational development.

4. Case Introduction

In recent years, overcapacity in the steel industry has become a common problem for all steel companies. In 2013, a reporter from a CCTV economic program filmed this scene from an overpass near Ma'anshan Iron and Steel Company: accompanied by white steam, plumes of yellowish-brown smoke were emitted from a factory building of Ma'anshan Iron and Steel Company, forming a long yellowish-brown dragon in the air. The reporter then interviewed nearby villagers, who stated that this pollution occurred whenever the factory started production. Further investigation revealed that the factory was completely covered in smoke and dust; the ground, vehicles, and tools were all covered in dust. The reporter stayed in the factory area for about an hour and saw no trace of water spraying. Some corroded, rusty trucks transporting raw materials and waste showed no signs of dust control measures; the newly installed dust collection equipment inside the factory was merely for show.

This phenomenon has led to severe environmental pollution, and many villagers in the surrounding area have fallen ill as a result. These illnesses are all related to environmental pollution. Further investigation revealed that the company's waste gas emissions and utilization rate both failed to meet national standards. In this incident, the government regulatory department only imposed a fine of 50,000 RMB, a lenient penalty that discouraged the company from taking on corresponding environmental responsibilities, preferring to passively accept the fine.

Since the State Environmental Protection Administration classified the steel industry as one of the heavily polluting industries, my country has strengthened its environmental regulations on the steel industry, explicitly limiting the emission of "three wastes" (waste gas, wastewater, and solid waste). However, within Ma'anshan Iron and Steel Company, internal auditing has not yet developed into a fully independent internal environmental audit branch, and environmental supervision remains primarily government-led.

5. Case Analysis

5.1. Problems with Internal Environmental Auditing

In summary, there are three main problems:

1. Lack of support from corporate management

Since the 1990s, my country has been dedicated to researching the implementation methods of environmental auditing. The general consensus is that it should be divided into two types: mandatory implementation and voluntary implementation. Most domestic scholars believe that voluntary implementation is more suitable for internal environmental auditing. Mandatory implementation does not require the support and response of corporate management; only government enforcement is needed, which is not suitable for corporate development. Voluntary implementation of internal environmental auditing refers to enterprises proactively and appropriately implementing environmental audits based on their own willingness and capabilities. In her research, *Research on Enterprise Environmental Auditing* (2005), auditing scholar Liu Changcui proposed the following: First, whether an enterprise intends to conduct internal environmental audits, whether internal auditors participate in environmental management, and how they participate are entirely internal matters for the enterprise, and this work must be carried out voluntarily and proactively by the enterprise. Second, according to my country's current Enterprise Law and Company Law, enterprises possess the authority to make production and operation decisions, price products and services, set up organizational structures, and manage personnel, including the autonomy to establish internal audits. Third, the development levels and environmental management levels of large, medium, and small enterprises in my country vary greatly; some small enterprises do not even have internal audit departments, and forcing them to conduct internal environmental audits would not be in line with their actual situation. Finally, internal environmental auditing is a means to supervise the fulfillment of environmental responsibilities entrusted to enterprises and environmentally related departments; it is a new type of internal auditing. The emergence and development of internal auditing stems from the needs of enterprise internal management. In today's context of severe environmental pollution, in order to meet the requirements of sustainable development, enterprises should also voluntarily implement internal environmental audits.

Because internal environmental audits are autonomously implemented, they should be commissioned by the company's management. The response and support of the management are crucial factors in the successful implementation of internal environmental audits. However, in Ma'anshan Iron and Steel Company, the company's management is unwilling to bear the corresponding legal responsibility, shirking responsibility by claiming that all steel companies pollute and that "our company has already paid all relevant fees and fines." They have no environmental awareness whatsoever when it comes to maximizing profits for the company. They save the cost of developing internal environmental audits, paying a small portion for low pollution discharge fees and fines, and using the majority for company development. Statistics show that nearly 30% of environmental pollution in my country originates from steel companies. There are approximately eighty large steel companies and countless small ones, yet few are willing to voluntarily implement internal environmental audits.

2. Insufficient Driving Force from Environmental Protection Laws and Regulations

Although my country has formulated and promulgated some environmental laws and regulations, due to some objective reasons and the special nature of my country's national conditions, these laws and regulations have not been able to effectively and promptly constrain enterprises. In Ma'anshan Iron and Steel Company, a large portion of pollutant emissions still exceed standards, seriously violating the Environmental Protection Law and other laws. Most penalties under environmental protection laws are fines, with only orders to suspend operations for rectification in serious cases. The relatively weak penalties lead company management to prefer being fined rather than investing in pollution control, establishing environmental management systems, and developing internal environmental audits. Furthermore, because the victims are mostly ordinary citizens who lack the means and channels to file environmental pollution lawsuits, public oversight of Maanshan Iron & Steel's environmental issues is lacking, giving the company opportunities to exploit legal loopholes. Therefore, although there are laws in place, they are not very effective, and the company has no need to strengthen environmental management or implement internal environmental audits.

3. Inadequate Internal Environmental Audit Standards

From an auditing perspective, the effective implementation of any type of audit relies on corresponding audit standards.

Inadequate internal environmental audit standards can expose organizations to various risks in environmental management. Specific problems include: audit standards that are too vaguely described, making them difficult for auditors to understand and implement; key environmental management areas such as waste treatment and emission control that may not be adequately covered, affecting the comprehensiveness of the audit; and standards that are not updated in a timely manner to reflect the latest environmental laws, regulations, or technological advancements.

To effectively address these issues, organizations need to take a series of specific measures. First, internal audit standards should be reviewed and updated regularly to ensure they comply with current environmental regulations and industry best practices. Second, audit procedures and standards should be customized based on the organization's specific business needs and environmental characteristics to improve the relevance and effectiveness of audits. Furthermore, strengthening training and communication for personnel involved in audits is crucial, not only helping them better understand audit standards but also enhancing their professional competence in actual audit processes.

Furthermore, implementing a rigorous oversight mechanism is key to ensuring the quality of audit activities and compliance with standards. This includes internal audits, as well as possible external audits, to ensure the independence and objectivity of audit activities. Through these measures, organizations can not only more effectively manage and reduce environmental risks but also continuously improve environmental performance and sustainability while complying with laws and enhancing public trust. This comprehensive improvement and management strategy will enable organizations to remain competitive and resilient in the face of increasingly severe environmental challenges.

The shortcomings of Maanshan Iron & Steel Company's internal environmental audit standards lie in, firstly, the lack of a comprehensive set of environmental accounting standards. The company's current accounting standards do not explicitly require rules for disclosing environmental accounting information. In the company's current environmental accounting indicators, apart from the payment of pollution discharge fees and fines, requirements regarding environmental assets and liabilities are not addressed. This makes it difficult for the internal audit department to supervise the relevant elements of the company's operations. Furthermore, the company's disclosure of environmental accounting information lacks fairness, with data being withheld, failing to accurately reflect the company's environmental situation. This significantly hinders the audit of environmental accounting information. Second, the company has completely failed to comply with national regulations in its business operations. Third, the company itself does not prioritize environmental protection, lacks its own environmental protection system, and remains entirely passive in responding to government enforcement measures without proactive action, let alone supervising and evaluating its own environmental management system.

5.2. Root Cause Analysis

In many enterprises, traditional views have significantly negatively impacted the effectiveness of internal environmental audits. This view often treats environmental protection as a secondary, non-profit activity, rather than an integral part of the company's core strategy. This results in a low status for environmental audits within the organization, insufficient resource allocation, and frequent neglect in the decision-making process. Because management often lacks sufficient awareness and appreciation of the potential value of environmental audits, internal audit teams face significant resistance in promoting environmental protection measures and improving organizational environmental responsibility. In this situation, even if environmental problems exist, they may fail to receive appropriate attention and resolution due to traditional short-sightedness.

Institutional deficiencies further weaken the effectiveness of internal environmental audits. In the absence of strict regulations and mandatory guidance, enterprises may not have established a comprehensive and systematic environmental management and audit system. This institutional deficiency means that even if environmental risks or non-compliance are identified, it is difficult to implement effective corrective and preventative measures through internal organizational mechanisms. Furthermore, without a culture and mechanisms for continuous improvement, environmental audits may become merely a formality, rather than a tool to drive continuous organizational progress and compliance with increasingly stringent environmental requirements.

Compared to the rapid development of global environmental standards and best practices, related learning and capacity building often lag behind. Due to the failure to integrate the latest environmental management knowledge and skills into corporate training and development programs, audit teams may lack the capabilities and up-to-date knowledge required for effective audits. This lag in skills and knowledge not only affects the accuracy and depth of audit results but also makes it difficult for audit recommendations to gain management's attention or be effectively implemented. Furthermore, a lack of emphasis on continuous environmental learning and improvement means that organizations are slow to respond to new environmental regulations and market changes, increasing compliance risks.

Inadequate audit standards directly affect the selection of audit targets and the comprehensiveness of audit activities. If internal audit standards fail to comprehensively cover all important environmental areas, such as waste management and emissions control, audit activities cannot fully assess the organization's environmental performance and risks. Such limitations in audit standards not only reduce the insights gained from audits but may also lead to the overlooking of significant environmental issues, thereby affecting the organization's public image and legitimacy. Moreover, if audit targets are inappropriately selected or audit frequency is insufficient, even with standards, it is difficult to achieve their intended supervisory and improvement functions.

6. Recommendations and Conclusion

6.1. Conclusion

The failure of internal environmental audits can be attributed to a combination of factors, including the influence of traditional views, the lack of a sound system, lagging learning and capacity building, and imperfect audit standards. In many companies, environmental protection is often viewed as a secondary, non-profit activity, rather than an area of equal importance to the company's core strategy. This traditional view leads to the marginalization of environmental audits in corporate strategic decision-making, lacking necessary support and resources, thus affecting the execution and effectiveness of audit activities. Management often lacks sufficient awareness and attention to the potential value of environmental audits, resulting in significant resistance for internal audit teams in promoting environmental protection measures and improving organizational environmental responsibility. Even when environmental problems exist, they may fail to receive appropriate attention and resolution due to traditional short-sightedness. Furthermore, the lack of strict regulations and guidelines makes it difficult for companies to establish a comprehensive environmental management and audit system. This systemic deficiency means that even if environmental risks or non-compliance are identified, it is difficult to implement effective corrective and preventative measures through internal organizational mechanisms. Without a culture and mechanism for continuous improvement, environmental audits may become merely a formality, rather than a tool to drive continuous organizational progress and compliance with increasingly stringent environmental requirements. Compared to the rapid development of global environmental standards and best practices, related learning and capacity building often lag behind. Due to the failure to integrate the latest environmental management knowledge and skills into corporate training and development programs, audit teams may lack the capabilities and up-to-date knowledge required for effective audits. This lag in skills and knowledge not only affects the accuracy and depth of audit results but also makes it difficult for audit recommendations to gain management's attention or be effectively implemented. A lack of emphasis on continuous environmental learning and improvement also means that organizations are slow to respond to new environmental regulations and market changes, increasing compliance risks. Finally, inadequate internal environmental audit standards directly affect the selection of audit targets and the comprehensiveness of audit activities. If internal audit standards fail to comprehensively cover all important environmental areas, such as waste management and emissions control, audit activities cannot fully assess the organization's environmental performance and risks. Such limitations in audit standards not only reduce the insights gained from audits but may also lead to the overlooking of significant environmental issues, thereby affecting the organization's public image and legitimacy. Furthermore, if audit targets are inappropriately selected or audit frequency is insufficient, even with standards, it is difficult to achieve their intended supervisory and improvement functions. Therefore, enterprises need to improve and refine their internal environmental audits from multiple perspectives to ensure they can effectively address environmental challenges and achieve sustainable development goals. By strengthening management's environmental awareness, establishing a sound environmental management system, continuous learning and capacity building, and improving and updating internal audit standards, enterprises can not only enhance the effectiveness of their environmental audits but also contribute to the sustainable development of society and the environment while complying with laws and enhancing public trust. These comprehensive improvement measures will enable enterprises to maintain competitiveness and adaptability in the face of increasingly severe environmental challenges.

6.2. Related Recommendations

Maanshan Iron & Steel Company has many problems in its internal environmental audits, such as a lack of attention from management, incomplete audit standards, and a lack of a systematic environmental management system. To improve the effectiveness of its environmental audits, Maanshan Iron & Steel Company can take the following measures:

1. Enhance Management's Environmental Awareness

Enterprises should enhance management's awareness and attention to the importance of environmental protection through various means. First, internal training and seminars can be used to enable management to gain a deeper understanding of environmental protection laws and regulations, industry standards, and best practices. At the same time, enterprises can invite environmental experts or consultants to give lectures, sharing the latest environmental developments and successful cases. Incorporating environmental goals and responsibilities into management's performance evaluation indicators will encourage management to prioritize environmental protection. Management support and participation not only enhance the company's environmental image but also ensure that environmental audits receive sufficient resources and support within the company. Training and seminars can raise management's awareness of environmental protection, and environmental performance should be included in their performance evaluation indicators.

2. Establishing a Comprehensive Environmental Management System

A sound environmental management system is the foundation for effective environmental audits. Companies should develop and implement a comprehensive Environmental Management System (EMS), adopting international standards such as ISO 14001. This system should cover all aspects, including environmental policy formulation, environmental goal setting, and environmental performance monitoring and evaluation. Companies need to conduct regular environmental performance assessments, including resource utilization efficiency, pollutant emissions, and waste management. Through these assessments, companies can comprehensively understand the effectiveness of their environmental management practices, identify problems, and take timely corrective measures. Furthermore, companies should establish a continuous improvement mechanism to ensure the continuous optimization and improvement of environmental management and auditing work.

3. Strengthen Employee Training and Capacity Building

With the continuous updating of environmental regulations and technologies, enterprises need to constantly update and improve their knowledge and skills in environmental management and auditing. Enterprises should regularly provide relevant training and learning opportunities for employees, especially the environmental audit team. This training can cover the latest environmental regulations, advanced environmental management technologies, and international environmental auditing standards and practices. By attending industry conferences, seminars, and professional courses, the audit team can learn from and draw on best practices both domestically and internationally, improving their professional capabilities. Furthermore, enterprises should encourage the audit team to engage in self-study and research, maintaining continuous attention and in-depth understanding of environmental management and auditing. Regularly organizing environmental management and auditing-related training and attending industry conferences and seminars will enhance the audit team's professional capabilities and knowledge level.

4. Improve Internal Audit Standards

Improving internal audit standards is crucial to ensuring the comprehensiveness and depth of audit activities. Enterprises should regularly review and update their internal environmental audit standards to ensure they are consistent with the latest environmental regulations, technological advancements, and industry best practices. Audit standards should cover all key environmental management areas, including waste treatment, emissions control, and resource utilization. The descriptions of the standards should be clear and specific, facilitating understanding and implementation by auditors. Furthermore, companies can learn from internationally advanced auditing standards and practices, and develop auditing standards and procedures tailored to their own business characteristics and environmental conditions. Through these measures, Maanshan Iron & Steel Co., Ltd. cannot only improve the effectiveness of its internal environmental audits, but also make a positive contribution to the company's sustainable development while ensuring legal compliance and enhancing public trust. These comprehensive improvement measures will enable the company to maintain its competitiveness and adaptability in the face of increasingly severe environmental challenges.

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