



CONCH
海螺环保

China Conch
Environment Protection
Holdings Limited

2022 ENVIRONMENTAL,
SOCIAL AND GOVERNANCE
(ESG) REPORT

STOCK CODE: 587



The background features large, semi-transparent, light blue letters spelling 'ESG'. The 'E' is on the left, the 'S' is in the center, and the 'G' is on the right. The letters are composed of overlapping geometric shapes, creating a modern, layered effect. The overall color palette is various shades of light blue and white.

ENVIRONMENTAL

SOCIAL AND GOVERNANCE

(ESG) REPORT

Contents

02 Contents**03 ABOUT THIS REPORT****04 Chairman's Speech****05 2022 Highlights of Performance****06 Awards and Honors****07 About Conch Environment****09 Stable Governance and Solid Development Cornerstone**

10 Corporate Governance

14 ESG Governance

17 Responsible Operation and a Leader in Innovative Development

18 Quality Management

20 Innovation Drive

22 High-Quality Service

23 Supply Chain Management

24 Green Development for Protection of Lucid Waters and Lush Mountains

25 Environmental Management

26 Response to Climate Change

28 Use of resources

29 Emission Management

30 People-oriented Talent Management

31 Labour Management

32 Talent Development

34 Communication with and Caring for Employees

36 Occupational Health and Safety

38 Committed to Public Welfare and Social Responsibility

39 Community Investment

40 Investing in Public Welfare

41 APPENDIX I: HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE**43 APPENDIX II: ESG DATA SUMMARY****45 APPENDIX III: CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS**

ABOUT THIS REPORT

Overview

This report is the second environmental, social, and governance report published by China Conch Environment Protection Holdings Co., Ltd. (hereinafter referred to as "the Company") after its Listing, which outlines the strategies, policies, measures, and achievements of the Company and its subsidiaries ("the Group") in environmental, social, and governance ("ESG") in 2022, and discloses information about the Company's ESG performance.

Reporting Period

The reporting period covers the information and data of the Company from 1 January 2022 to 31 December 2022 ("the Reporting Period").

Basis of Preparation

This report was prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Stock Exchange of Hong Kong Limited ("the Hong Kong Stock Exchange").

Scope of Report

The policies and data provided in this report cover the Group, and the scope of the report is consistent with the annual report. Unless otherwise stated, the currency used in the report is RMB.

Description of reference

For ease of expression, China Conch Environment Protection Holdings Co., Ltd. and its subsidiaries also use the terms "Conch Environment", "The Group", or "we" in their report.

Sources of Information and Assurance of Reliability

The data and examples in this report were mainly derived from the Group's statistical report and related documents. The Board of Directors of the Company undertakes that this report does not contain any false records or misleading statements and is responsible for the truthfulness, accuracy, and completeness of its content.

Report Acquisition

This report was written in Traditional Chinese and English, respectively, and published electronically in the "Investor Relations" Column - "ESG Report" on the website of the Stock Exchange and the website of the Company: <http://www.conchenviro.com/>.

Contact Information

Through the release of this report, we hope to strengthen communication and cooperation with all parties, enhance their sense of identity in terms of interests, emotions and values, and pool the strength of sustainable development of enterprises and the society. If you have any suggestions and comments on this report, please contact us as follows:
Email: hlhb@conchenviro.com, Tel: 0553-8395059

Confirmation and Approval

This report was confirmed by the management and approved by the Board of Directors on 27 March 2023.

Lists of Company Names and Their Abbreviations

Full Name of the Company	Abbreviation in the Report
Wuhu Conch Venture Environmental Protection Technology Co., Ltd.	Wuhu Conch Venture
Chongqing Conch Venture Environmental Protection Technology Co., Ltd.	Chongqing Conch Venture
Qianyang Conch Venture Environmental Protection Technology Co., Ltd.	Qianyang Conch Venture
Wuhu Conch Venture Logistics Co., Ltd.	Wuhu Logistics
Chongqing Liangping Conch Venture Environmental Protection Technology Co., Ltd.	Liangping Conch Venture
Guangyuan Conch Environmental Protection Technology Co., Ltd.	Guangyuan Conch Environmental Protection
Xi'an Yaobai Environmental Protection Technology Engineering Co., Ltd.	Xi'an Yaobai
Tongchuan Conch Venture Environmental Protection Technology Co., Ltd.	Tongchuan Conch Venture
Yiyang Conch Environmental Protection Technology Co., Ltd.	Yiyang Conch Environmental Protection
Lanzhou Haizhong Environmental Protection Technology Co., Ltd.	Lanzhou Haizhong
Suzhou Conch Venture Environmental Protection Technology Co., Ltd.	Suzhou Conch Venture
Xianyang Conch Venture Environmental Engineering Co., Ltd.	Xianyang Conch Venture
Dengfeng Haizhong Environmental Protection Technology Co., Ltd.	Dengfeng Haizhong
Jining Conch Venture Environmental Protection Technology Co., Ltd.	Jining Conch Venture
Wenshan Conch Venture Environmental Protection Technology Co., Ltd.	Wenshan Conch Venture
Dengfeng Zhonglian Dengdian Cements Co., Ltd.	Dengfeng Zhonglian
Nanjing Haizhong Environmental Protection Technology Co., Ltd.	Nanjing Haizhong
Yangchun Conch Venture Environmental Protection Technology Co., Ltd.	Yangchun Conch Venture
Luoyang Haizhong Environmental Protection Technology Co., Ltd.	Luoyang Haizhong

Chairman's Speech



Looking back on 2022, Conch Environment, as a comprehensive enterprise focusing on energy conservation and environmental protection, always adhered to the business philosophy of "Lucid waters and lush mountains are valuable assets". The Company took green development as the path, honest operation as the cornerstone, high-quality service as the foundation, and technological innovation as the core, effectively fulfilling social responsibilities and protecting employee rights and interests. We were committed to combining coordinated development with balanced governance, focusing on refined operation and innovative research and development, and striving to write a new chapter in high-quality development of Conch Environment.

Adhering to the bottom line and compliance, we are committed to striving for stability and development. Conch Environment always adheres to the principles of "ethics adherence, risk control, and compliance promotion", and is committed to fully integrating ESG core concepts and standards into business development. To this end, we have established a three-level ESG governance structure with a gradient of "governance-management-execution", gradually embedding sustainable development governance into the systematic professional management of business and operation in multiple dimensions. At the same time, we have strengthened our own compliance management and improved our internal supervision and risk control to create a business environment of integrity and honesty.

Based on technology, striving for innovation, we are committed to deeply cultivating services and achieving excellent results. In the development process of Conch Environment, quality assurance and scientific and technological innovation have always been our core competitiveness. While improving and upgrading the existing environmental protection technology, we continued to explore new areas of environmental protection through technological innovation, combining systematic quality management processes with digital quality management means to develop integrated environmental protection service solutions. We are committed to building a sound customer service system, vigorously promoting

and improving the new service model of "environmental stewards", realizing the closed-loop of "customer complaint-handling-return visit" service, and providing high-quality service experience.

Bearing in mind the mission, and guarding the bottom line, we will practice our responsibility to protect the ecology. Conch Environment actively responds to the national call for energy conservation and emission reduction, undertakes the important task of popularising environmental protection concepts and promoting ecological environment improvement, and incorporates the identification of climate change risks into an important part of enterprise management. We have established a target-oriented management mechanism to effectively implement targeted management in areas such as greenhouse gas emissions, water resource use, and pollutant emissions. At the same time, we actively seek alternative fuels and accelerate project layout to assist energy-intensive enterprises in accelerating the progress of low-carbon green transformation and continuously moving towards the target of reducing the environmental burden.

Building harmony among the employees, we will endeavor to create a new chapter with our cohesive efforts. Employees are the mainstay of the survival, development, and growth of the enterprise. We are committed to creating a fair and equitable working atmosphere of diversity and inclusion, actively transforming talent development strategies into vivid practices, constructing a multi-form, multi-channel, and three-dimensional talent training system, and promoting the construction and improvement of talent echelons. In addition, we pay close attention to the care for the life of our employees, placing the safety and health of our employees as our top priority, and effectively provide diversified welfare guarantees for them to promote the common sustainable development of our employees and the enterprise.

Remaining true to our original aspiration, we are concerned for people's livelihoods, and devote ourselves to the public good to enhance the well-being of people. Those who eat fruits should think of the fruit trees, while those who drink water should think of the source of the river. Relying on its high-quality and efficient service system and rich practical experience, Conch Environment has fully integrated its business advantages with public welfare undertakings, actively assisted in emergency disposal of hazardous wastes in many places, and carried out environmental protection education and practice activities. At the same time, we have also contributed to our efforts in rural revitalisation, the fight against the epidemics, and the relief of the needy, truly implementing the charitable concept of "what is taken from society is used for society".

Firmly bearing in mind our original intention, we will forge ahead to continue our splendid journey. Conch Environment has come a long way, but we still need to trek through the hills and mountains. We will continue to hang our sails straight and ride the wind. Remembering our original intention, we will draw a new blueprint for development in the scroll of time. We will color the sustainable development background green. And we will highlight corporate social responsibility with our practical efforts.

Li Qunfeng
Chairman of
China Conch Environment
Protection Holdings Limited

2022 Highlights of Performance

Financial performance and disposals

- ★ Operating revenue was RMB 1.73 billion, and the total profit was RMB 411 million
- ★ Approximately 921,600 tonnes of industrial hazardous waste were disposed of (including approximately 775,500 tonnes of general hazardous waste, 98,400 tonnes of oil sludge, and 47,700 tonnes of fly ash), and approximately 1,593,600 tonnes of industrial solid waste were disposed of

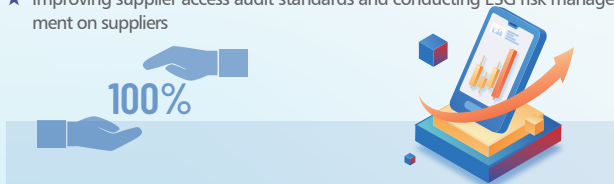


Stable governance and solid development cornerstone

- ★ Making and fully achieving board diversity targets
- ★ The Code of Business Conduct Policy covers 100% of employees, and 54 training sessions on self-discipline and integrity were provided for intermediaries and other related parties. All board members attended anti-corruption training
- ★ Zero corruption and bribery related incidents

Responsible operation, leading innovative development

- ★ A total of 21 subsidiaries were awarded the ISO 9001:2015 quality management system certification, with a coverage rate of 56.76% (While calculating the coverage rate, we only took into account hazardous waste disposal projects)
- ★ The Company conducted 25 on-site inspections to improve quality and management level of project works
- ★ An accumulative R&D investment of RMB 20.9 million
- ★ 13 new patents were added, bringing the cumulative number of valid patents to 85 and 1 valid trademark
- ★ We formed the Conch Environment fly ash washing technology route - sequential batch counter current fly ash washing technology, and applied for relevant patents
- ★ The Company participated in the preparation of the industrial standard of the *Technical Specification of Project-based Carbon Dioxide Emission Reduction Assessment for Fuel Replacement Projects for the Production of Cement Clinker* (基於項目的二氧化碳減排量評估技術規範生產水泥熟料的燃料替代項目), and the national standard of the *Technical Specification for Collaborative Disposal of Waste in Cement Kilns* (水泥窯協同處置廢物技術規範)
- ★ More than 2,100 customer satisfaction surveys were carried out, with customer satisfaction rate of 100%
- ★ Improving supplier access audit standards and conducting ESG risk management on suppliers



Green development for protecting lucid waters and lush mountains

★ Environmental target setting:

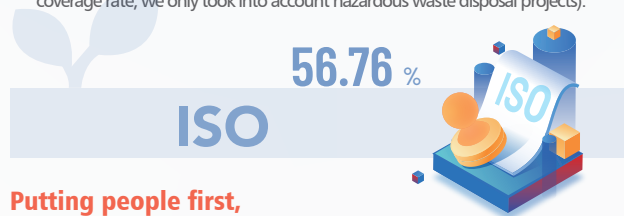
Greenhouse gas emission reduction target: Conch Environment will continue to deepen the promotion and layout of alternative fuel projects, strengthen the resourceful utilization of solid and hazardous waste, and actively respond to the dual carbon target.

Water efficiency target: Conch Environment will continue to optimize its water-saving mechanism, upgrade its water-saving equipment, promote water recycling, and raise water-saving awareness to achieve efficient utilization of water resources.

Energy efficiency improvement target: Conch Environment will continue to optimize the energy consumption structure, and continuously improve energy efficiency through process upgrading and transformation, energy-saving equipment applications, equipment configuration optimization, and energy-saving technology development and utilization in the course of production and operation.

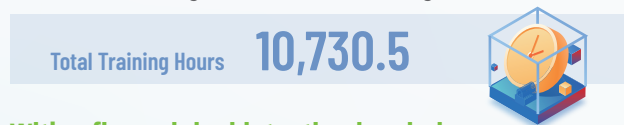
Waste reduction target: Conch Environment will continue to optimize waste management systems, processes and measures to ensure 100% compliance of hazardous waste disposal and maximize the recycling of harmless waste.

- ★ A total of 21 subsidiaries were awarded the ISO 14001 environmental management system certification, with a coverage rate of 56.76% (While calculating the coverage rate, we only took into account hazardous waste disposal projects).



Putting people first, revitalizing talent vitality

- ★ The Company has built up a basic talent pool consisting of high-level, middle-level, supervisory, and technical positions, and established a talent selection mechanism that combines daily evaluation and annual evaluation and selection
- ★ The coverage rate of employee training reached 100%, with a total training and development time of 15,849.8 hours and an average training time of 4.3 hours per employee
- ★ 21 subsidiary companies were awarded ISO 45001 occupational health and safety management system certification, with a coverage rate of 56.76% (While calculating the coverage rate, we only took into account hazardous waste disposal projects)
- ★ Setting overall safety production targets, with a 100% coverage rate of signing a safety target responsibility letter
- ★ A total of 19,094 participants attended occupational health and safety training sessions, with a coverage rate of 100% and a total training duration of 10,730.5 hours



With a firm original intention in mind, we strove for common prosperity with the entire community

- ★ Actively assisting local government departments in emergency disposal of hazardous waste to maintain regional security and stable development
- ★ Charitable donations totaling RMB 94,000

Awards and Honors

ESG Recognition and Awards



- ★ In June 2022, the Ministry of Ecology and Environment and the Central Civilization Office jointly issued a document entitled the *Notice on the Announcement of the Advanced Typical List of the 2022 “Beautiful China, I am an Actor” Action Plan to Raise Citizens’ Awareness of Ecological Civilization* (關於公佈2022年“美麗中國，我是行動者”提升公民生態文明意識行動計劃“先進典型名單的通知”), in which Wuhu Conch Venture, a subsidiary of Conch Environment, was awarded the title of “2022 Top 10 Environmental Protection Facility Opening Units” in China.
- ★ In August 2022, Qianyang Conch Venture was awarded the title of Excellent Environmental Protection Facility Opening Unit by the Shaanxi Provincial Department of Ecology and Environment in the “2022 Shaanxi Province Action Plan to Comprehensive Enhance Citizens’ Awareness of Ecological Civilization”.
- ★ In August 2022, the China Federation of Logistics and Purchasing released the list of the 34th batch of Grade A logistics enterprises. Wuhu Logistics successfully passed the evaluation and was awarded the title of National 3A Level Logistics Enterprise. The acquisition of 3A logistics enterprise qualification marks that Conch Environment Logistics has made phased achievements in its journey towards modernisation, intelligence and standardization, and has provided good credit support for its market expansion.
- ★ In December 2022, Conch Environment was awarded the Award of Overseas Pioneer of the Year in the 20th Financial Billboard.

About Conch Environment

CONCH

海螺环保

Conch Environment is a large-scale integrated environmental protection enterprise focusing on the field of energy conservation and environmental protection, integrating process development, design and innovation, production and operation, terminal disposal, product sales and after-sales services. It is committed to building the industrialization and scaling up new energy conservation and environmental protection technologies to achieve the sustainable development with low energy consumption and low pollution.

The Group has been involved in the industrial waste disposal industry since 2015, and was listed on the Hong Kong Stock Exchange (HK.00587) in March 2022. The Company has advanced solid waste disposal technologies in the world, including collaborative disposal of solid and hazardous waste in cement kilns, fly ash washing, oil sludge disposal, and resourceful utilization of hazardous waste. As of the end of the Reporting Period, the Group had put into operation and constructed a total of 63 environmental protection projects in 19 provinces, municipalities, and autonomous regions across the country, involving a disposal scale of approximately 6,815,700 tonnes per annum (excluding projects that are pending approval and have not yet been constructed).

With the business philosophy of "Lucid waters and lush mountains are valuable assets", Conch Environment insists on being innovation-driven and technology-led, and explores new fields of environmental protection while improving existing technology upgrades, forming five main businesses, and helping to create lucid waters and lush mountains and a beautiful home for the future of humankind.



Our Businesses and Advantages

Disposal of hazardous waste

Conch Environment uses the technology of cement kiln collaborative disposal of industrial hazardous wastes to address the social and livelihood issues caused by the rapid increase in industrial hazardous waste. During the collaborative disposal process of hazardous waste in cement kilns, organic matter is thoroughly decomposed and rendered harmless through incineration, and the heat generated is recycled by cement production to maximise energy utilisation.



- Advanced technology and high degree of automation
- Achieving harmless disposal
- Capable of solidifying heavy metal ions

Water washing of fly ash

Conch Environment utilises a cement kiln to synergistically dispose of fly ash. The fly ash is pre-treated with water washing and dechlorination, extracting resources such as potassium, sodium, and chlorine to produce industrial salts. The remaining desalinated fly ash is sent to the cement kiln for high-temperature calcination. It can meet the environmental protection policy requirements of fly ash reduction, resource utilization and harmlessness, and achieve continuous industrial production.



- Good dechlorination effect
- Large amount of fly ash disposal
- It can meet the environmental requirements of harmless, reduced, and resourceful utilisation of fly ash

Disposal of oil sludge

By summarising, absorbing, and digesting the experience of common disposal methods and technology comparisons of oily sludge, Conch Environment has adopted a combined disposal technology for different types of sludge and waste in the sludge.



- Advanced technology and strong adaptability of raw materials
- High environmental friendliness
- High economic profitability

Resourceful utilisation of hazardous waste

The demonstration line of resourceful utilisation of hazardous waste of Conch Environment mainly adopts pyro process to recover nickel, copper and other metals from electroplating sludge, surface treatment sludge and other hazardous wastes containing heavy metals, and the water quenching slag produced is transported to nearby cement plants for use as cement admixture to realize the resourceful utilisation of hazardous waste.



- It can avoid the generation of dioxins and fly ash from traditional disposal of incineration
- Recycling valuable metals with high economic benefits
- High environmental friendliness

Disposal of general industrial solid waste

Conch Environment's sludge drying and cement kiln collaborative disposal technologies for industrial solid waste achieve the reduction and resourceful utilisation of various types of solid waste such as sludge and contaminated soil, and use them to replace some fuels, providing an effective measure for carbon reduction.



- It can realize heavy metal decomposition without secondary disposal
- Energy saving and carbon reduction
- Low heat source cost and operating cost



Stable Governance and Solid Development Cornerstone

Corporate Governance	10
ESG Governance	14



As a pioneer of new technologies for energy conservation and environmental protection in China, Conch Environment has always been committed to business ethics, constantly improving risk management and strengthening corporate governance. We are committed to integrating the concept of sustainable development into business development, forming a normalized mechanism to fulfill our responsibilities for the environment and society, and working together with internal and external stakeholders to build a responsible enterprise.

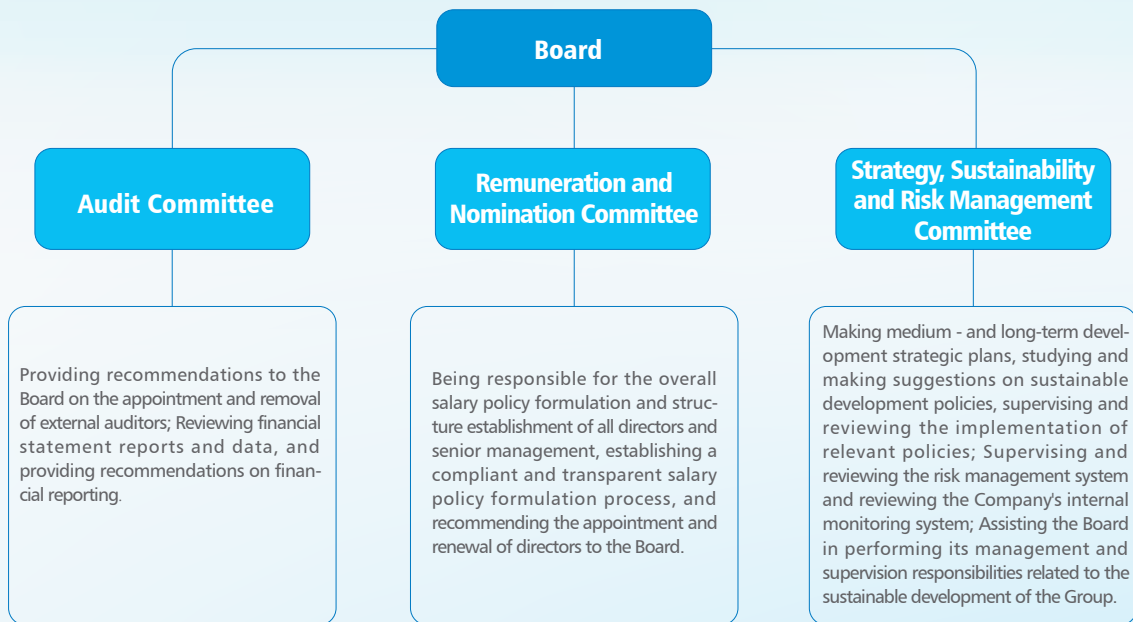
Corporate Governance

Conch Environment strictly complies with the relevant requirements of the *Company Law of the People's Republic of China* (中華人民共和國公司法) and the *Corporate Governance Code* (企業管治守則) as set out in Article 14 of the *Rules Governing the Listing of Securities on the Stock Exchange* (聯交所證券上市規則), and relies on a sound corporate governance structure to ensure compliant operations. We adhere to the principles of fairness and impartiality, pursue diversified management and communication methods, and promote the improvement of corporate governance capabilities with a sustainable philosophy.

Board Governance Structure

The Board of Conch Environment is responsible for leading and supervising the businesses, strategic policies, and performance of the Company, and fulfilling corporate governance responsibilities, including improving the Company's governance system, formulating the Company's overall strategic planning, and determining long-term performance and management objectives. The selection procedures for directors and the Board comply with relevant laws and regulations. All directors attend the board meetings and shareholders' general meetings in a diligent, responsible, honest and serious manner, and effectively fulfill their duties and obligations as directors. The Audit Committee, the Remuneration and Nomination Committee and the Strategy, Sustainability and Risk Management Committee under the Board jointly assist the Board in rolling out governance and supervision. Each specialized committee shall fulfill its obligations in accordance with the rules of procedure and promote the standardized operation of the Company. At present, the terms of reference of each specialized committee of the Company have been published on the Company's official website¹ and are available to investors upon request.

Conch Environment Governance Architecture



Board Diversity

The Group has adopted a board diversity policy by taking into account the Company's business model and specific needs and benchmarking the selection of candidates against a range of diverse categories, including but not limited to gender, race, language, age, cultural background, educational background, industry experience, professional experience, skills, knowledge, and service tenure, to ensure that the diversity of skills, experience, and perspectives of Board members is appropriately balanced and the best candidates are selected in order to enhance the effective operation of the Board and maintain a high standard of corporate governance. The Group has set measurable targets in line with its diversity policy, and regularly evaluates the status of board diversity and progress in achieving its diversity targets. During the Reporting Period, all members of the Board of the Company received university education and had rich industry experience. Two female directors were appointed, and the proportion of independent non-executive directors was one-third, fully achieving the board diversity target.

Board Diversity Objectives

- At least 80% of board members have received university education
- At least 80% of board members have work experience related to China
- Appointing at least one female director
- At least one-third of the board members are independent non-executive directors



¹ For details, please refer to Corporate Governance - Investor Relations - Anhui Conch Environmental Protection Group Co., Ltd. (www.conchenviron.com)

Corporate Governance

Board Members and Background of Conch Environment

Name of Director	Position	Audit Committee	Remuneration and Nomination Committee	Strategy, Sustainability and Risk Management Committee	Specialty		
					Risk Management	Financial Management	Industry Experience
Mr. Li Qunfeng	Chairman of the Boards and Non-Executive Director		✓	✓	✓		✓
Mr. Li Xiaobo	Executive Director and General Manager			✓	✓		✓
Ms. Liao Dan	Executive Director and Joint Company Secretary					✓	✓
Mr. Fan Zhan	Executive Director					✓	✓
Mr. Xiao Jiayang	Non-Executive Director			✓		✓	✓
Mr. Ma Wei	Non-Executive Director						✓
Mr. Dai Xiaohu	Independent Non-Executive Director	✓	✓	✓	✓		✓
Ms. Wang Jiafen	Independent Non-Executive Director	✓	✓		✓	✓	
Ms. Li Chen	Independent Non-Executive Director	✓	✓				✓

Internal Control and Risk Management and Control

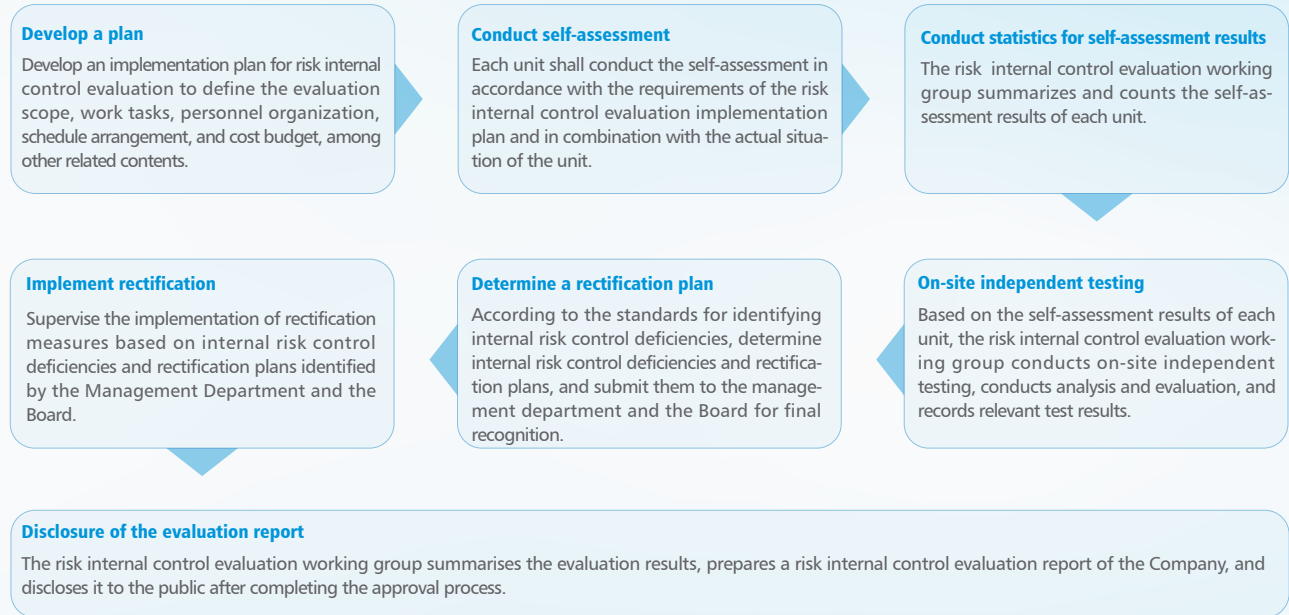
Conch Environment attaches great importance to the improvement of enterprise risk control capabilities, strictly complies with the *Company Law of the People's Republic of China* (中華人民共和國公司法) and other laws and regulations applicable to the operational locations, and protects the long-term rights and interests of stakeholders through a sound risk prevention and control mechanism. We have established and operated internal management systems such as the *Risk Internal Control Work Management Measures (Trial)* (風險內控工作管理辦法 (試行)) to provide clear guidance on identification, evaluation, management and control of risks. We have established a clear management framework for internal risk control (hereinafter referred to as "internal risk control") and standard procedures for risk management, and described, identified and evaluated the risk scenarios in different management processes to form a dynamic closed-loop for risk control, and to escort the Company's steady development.

Management Framework for Conch Environment Risk Internal Control



Corporate Governance

Risk Internal Control Evaluation Process of Conch Environment



In order to strengthen the risk management capability and compliance of the enterprise, the Group has established the *Internal Control Manual of China Conch Environment Holdings Limited* (中國海螺環保控股有限公司內部控制手冊), and authorised the Audit Department to identify and manage the risks during the operation of the enterprise, and to identify and focus on the audit of the areas with a higher degree of risk. During the Reporting Period, the Group established an audit working group to conduct departure audits at 14 units including Chongqing Conch Venture, Liangping Conch Venture, Guangyuan Conch Environmental Protection, Xi'an Yaobai, Wuhu Logistics, and Tongchuan Conch Venture, to objectively evaluate the Company's professional management, personnel responsibility fulfillment, and other aspects through the review of various specialized management activities in the operation and management of relevant units, and to reveal the weak links in the Company's daily business control and management, and to improve the overall quality of its operations. The Company focused on preventing and resolving major risks through conducting audit projects, providing targeted suggestions for audit findings, and arranging for dedicated staff to urge relevant responsible units to make rectification plans, track and urge relevant units to complete rectification work, and conduct verification tests.

Key Risk Identification and Response Mechanism of Conch Environment

<p>Solid and hazardous waste storage risk</p>	<p>Classify and store hazardous waste in temporary storage areas, number different categories of hazardous waste, set up hazardous waste identification plates, and clearly mark relevant information such as category, quantity, and hazardous characteristics, for the convenience of receiving, managing, and querying goods. There should be an appropriately wide inspection passage and forklift passage around the shelves, and sufficient safety exits should be left in the room according to the design specifications. Emergency lighting facilities should be kept in normal use at all times during operation, and safety exits and fire protection facilities should be unobstructed.</p>
<p>Industry policy risk</p>	<p>Fully understand the current policies of the solid and hazardous waste disposal industry, and standardize business activities. Led by the Marketing Management Department, a summary compilation of policy information on the solid and hazardous waste industry shall be conducted, including national laws and regulations, planning outlines, local solid and hazardous waste related policies, departmental regulations, and technical standards, to ensure that the Company's production and operation have rules to follow.</p>
<p>Accounts receivable risk</p>	<p>The Company's professional department organizes a meeting to clear overdue arrears. In view of the current situation of overdue arrears, the department analyzes the problems existing in the current overdue arrears and the cashing of overdue arrears in the current month, clarifies the target of later arrears, compacts the responsibilities, refines them into individuals, takes multiple measures at the same time, to fully promote the work of clearing overdue arrears for difficult and key customers.</p>

Corporate Governance

Business Ethics

The Group has always adhered to the bottom line of business ethics, strictly complied with the *Anti-Unfair Competition Law of the People's Republic of China* (中華人民共和國反不正當競爭法), the *Anti-Money Laundering Law of the People's Republic of China* (中華人民共和國反洗錢法), and the *Interim Provisions on Prohibition of Bribery in Business* (關於禁止商業賄賂行為的暫行規定) and other laws and regulations applicable to its operating locations. We have made and implemented internal rules and systems such as the *Implementation Guidelines for Anti-Fraud Work* (反舞弊工作實施指引), the *Anti-Money Laundering Management Measures* (反洗錢管理辦法), and the *Complaints and Reporting Management Measures* (投訴舉報工作管理辦法). For internal integrity management, we have established a management structure, with the Audit Committee as the top management and the Audit Department as the standing department for accepting complaints and reports, clarifying the supervisory responsibility subjects and handling process.

Anti-corruption is a top priority of the Group's management work. We have established multiple reporting channels such as letters, emails, faxes, reporting phone numbers, and on-site reporting to encourage all stakeholders to conduct real name or anonymous supervision of our business ethics construction work. To protect the rights and interests of whistleblowers, the Group strictly complies with the requirements of whistleblower protection systems and resolutely prohibits whistleblowers from being subjected to retaliation and other behaviors.

Reporting Channels



Reporting hotline: 0553-8398850



Email: jcsjb@conchventure.com

Whistleblower Protection Measures

The name, telephone number, work unit, home address and other relevant information of the whistleblower and the content of the report must be strictly confidential

It is strictly prohibited to disclose or transfer the reporting materials and related information to the reported unit, the reported person, and other units and individuals unrelated to the investigation work of the case

For general issues that reflect minor circumstances and require the unit or individual being reported to make a review or explanation of the situation, only excerpts reflecting specific issues shall be conveyed, and the original letter (or copy) shall not be forwarded to the unit or individual being reported

Proper communication with real name whistleblowers is necessary to understand and verify the clues of the case without revealing the whistleblower's identity

Where feedback on the handling results is required, it shall be carried out without exposing the whistleblower

Real name whistleblowers have the right to demand that investigation personnel who have a direct interest in the reported matter or reported personnel or investigators who are directly related to the whistleblower avoid the investigation

Reporting Processing Process

The Audit Department shall appoint two or more inspectors or form an investigation team for verification.

The handling personnel or investigation team conduct in-depth and detailed investigation and research, collect evidence and materials, keep conversation records, and both parties sign for confirmation.

The handling personnel shall write investigation opinions or reports, and after discussion by the Audit Department, make handling opinions and submit them to the Company for approval.

The investigation report within two months shall be reported after the completion of the complaint and reporting case.

To create a clean and upright corporate atmosphere, we provided multiple anti-corruption training sessions for our Board members and employees to fundamentally enhance the awareness and capability of all employees to comply with regulations. During the Reporting Period, the Group's Code of Business Conduct policy covered 100% of its employees and 54 training sessions on self-discipline and integrity were conducted for intermediaries and other related parties. Nine Board members of Conch Environment participated in 2.5 hours of online and offline anti-corruption training. During the Reporting Period, the Group did not have any corruption-related litigation cases.



Organising Offline Anti-Corruption Training for Employees

ESG Governance

The Group adheres to a sustainable development path. Under a sound ESG framework, we have actively listened to the opinions and suggestions of various stakeholders, and constantly improved the ESG-related systems, so as to improve our own business value while giving back to the society and realizing the common growth and progress of the enterprise and the society.

Board Statement

The Board assumes overall responsibility for ESG matters

The Board of Conch Environment assumes ultimate responsibility for ESG strategy and performance. To propel the ESG management process, the Board has appointed four members from its directors to form the Strategy, Sustainability and Risk Management Committee to assist in ESG governance related work, ensure the implementation of ESG policies, monitor and inspect ESG-related performance, risks and targets, adjust ESG strategies appropriately, and review ESG reports. Its responsibilities are detailed in the *Terms of Reference of Strategy, Sustainability, and Risk Management Committee of China Conch Environment Holdings Limited* (中國海螺環保控股有限公司戰略、可持續發展及風險管理委員會職權範圍).

The ESG Working Group ensures daily implementation

The ESG Working Group is responsible for assisting in the implementation of ESG-related strategies, indicators, targets, and management guidelines, and is headed by Li Xiaobo, Executive Director and General Manager of the Company. The ESG Working Group is responsible for the implementation of ESG work, the establishment of ESG indicator system, the regular collection of ESG-related data every quarter, and the integration of sustainable development into daily operations. At the same time, the ESG Working Group regularly reports to the Strategy, Sustainability, and Risk Management Committee and makes improvements based on the Committee's recommendations.

ESG Risk Management

The Strategy, Sustainability and Risk Management Committee of Conch Environment conducts materiality assessments on ESG-related risks, identifies and adjusts business development direction for climate change risks, and continuously monitors the ESG-related risks and responsibilities of the Group.

Analysis of Materiality Issues

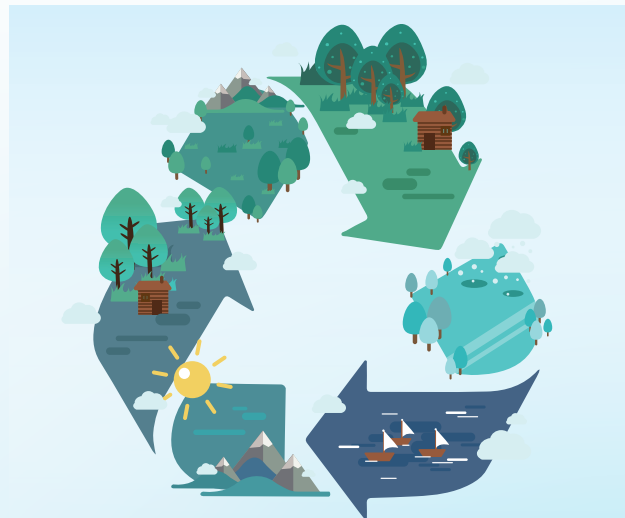
Conch Environment maintains close communication with internal and external stakeholders, actively identifies and evaluates material ESG risk issues, so as to formulate sustainable development strategies. The Group discusses and approves the material ESG issues identified at different levels, formulates corresponding sustainable development strategies, objectives and management guidelines, keeps abreast of international sustainable development trends and the performance of peers, reviews its own sustainable development performance and adjusts its development direction.

ESG Management

Conch Environment follows scientific management and integrates sustainable development into its business operation based on a clear management framework. The Group has established a three-level management structure, namely at the levels of the Board, the Strategy, Sustainability and Risk Management Committee, and the ESG Working Group, to continuously enhance its management and capacity building in the ESG field.



ESG Governance Framework of Conch Environment



ESG Governance

Communication with Stakeholders

Conch Environment pays attention to listening to the voices of various stakeholders and fully understands their expectations and aspirations, so as to improve the ESG management and provide a strong guiding direction for ESG management.

In order to build a bond of harmony and trust with all stakeholders, we have improved the frequency and quality of communication with investors during the year, and made the *Policy on Shareholder Communication of China Conch Environment Holdings Limited* (中國海螺環保控股有限公司股東溝通之政策) to ensure that all stakeholders are fully informed of the operational changes of the Company in a timely manner. Our key stakeholder categories include customers and consumers, shareholders and investors, government and regulatory authorities, suppliers, directors, employees, social organizations, etc. During the Reporting Period, we disseminated information through the release of regular reports (annual and interim reports), disclosure of regulatory data, disclosure on the Company's official website and other channels, and communicated effectively with stakeholders through various means, such as interactive Q&A sessions, answering stakeholder calls, on-site visits to show the performance and progress of Conch Environment in sustainable development to all stakeholders.

Conch Environment's Communication with Stakeholders		
Stakeholders	Issues of Concern	Communication Channels
Customers/Consumers	Customer service Responsible marketing	Customer visits Market research National customer service hotline Customer satisfaction survey
Shareholders and investors	ESG governance Business ethics Technical research & innovation Clean technology opportunities	Investor Relations website Shareholders' meetings information disclosure Letter exchanges Teleconference Webinars Visit reception Roadshow
Government and regulatory bodies	Environmental compliance management Exhaust emissions and management Occupational health and safety of employees Labor management Environmental education	Visits to bodies Official correspondences to and from Policy implementation Information disclosure
Suppliers	Sustainable supply chain	Supplier evaluation Supplier communication and training
Employees	Occupational health and safety of employees Labor management Diversity and equal opportunities Employee training and development Employee benefits	Trade unions Employee activities Employee survey Employee training
Social organizations	Community participation Exhaust emissions and management Greenhouse gas emissions Waste management Environmental education	Voluntary service Community activities
Media	Environmental compliance management Occupational health and safety of employees Labor management Environmental education Community participation	Media communication and interviews Official website and WeChat official account

ESG Governance

Analysis of Material Issues

During the Reporting Period, we identified a total of 22 ESG materiality issues based on the current state of our business operations and communication results with internal and external stakeholders. At the same time, based on peer benchmarking, expert consultation, and management feedback, we ranked the importance of materiality issues and drew a matrix of materiality issues. We identified 8 highly material issues and 14 moderately material issues. We will continue to follow up on the feedback and expectations of all stakeholders regarding the Company's ESG performance, and respond to their requests in a timely and practical manner.



Highly material issues
Clean technology opportunities
Environmental compliance management
Exhaust gas emissions and management
Waste management
Occupational health and safety of employees
Labor management
Technical research and innovation
Business ethics

Moderately material issues
ESG governance
Intellectual property protection
Employee benefits
Customer service
Responsible marketing
Employee training and development
Sustainable supply chain
Diversity and equal opportunities
Community participation
Greenhouse gas emissions
Energy efficiency improvement
Resource usage
Environmental education
Material usage



Responsible Operation and a Leader in Innovative Development

Quality Management	18
Innovation Drive	20
High-Quality Service	22
Supply Chain Management	23



Conch Environment understands the importance of improving service quality and maintaining innovative vitality for its long-term development. Based on the field of environmental protection and energy conservation, we have increased our investment in R&D and innovation, actively participated in industry-academia-research cooperation and industry standard-setting, and promoted the sustainable development of the industry. We insist on being customer-centric, technology-driven, and collaborating with industry partners to become an innovative enterprise in technology.

Quality Management

Conch Environment adheres to the principle of quality first and insists on the scientific and professional production and service philosophy. We continuously improve our quality management through systematic quality management processes and digital quality management methods, and strengthen quality inspections and awareness publicity and implementation to continuously improve our service level.

Quality Assurance

Conch Environment has established a clear quality management framework, putting the nodes and responsibilities of system control into each process, each position, and each employee, forming an all-round regulatory network. We strictly follow the quality management process of the Group and have made systems such as the *Hazardous Waste Access Management System* (危廢廢物准入管理制度) and *Compatibility Management System* (配伍管理制度) to strengthen quality control. At the same time, 21 subsidiaries of the Group have obtained ISO 9001:2015 quality management system certifications, with a coverage rate of 56.76% (While calculating the coverage rate, we only took into account hazardous waste disposal projects).



We have established a quality control system for the entire process, carried out solid and hazardous waste disposal in strict accordance with relevant standards, promoted intelligent management, supervised and detected the processing and production processes by using the information management platform of Conch Environment, realised real-time data collection, storage and analysis. Due to the business nature of Conch Environment, the Group does not involve product recalls.

Apply for a Hazardous Waste Business License in accordance with national laws and regulations, and carry out relevant business activities in accordance with the hazardous waste list issued by the license.

Strictly control the source and control the amount of harmful ingredients added.

Conduct pre-treatment such as crushing and mixing of solid and hazardous waste to ensure that the state and size of the materials entering the kiln meet the requirements, and reduce the impact on the kiln system.

Advanced instruments and equipment have been equipped with and professional technical managerial personnel have been introduced.

In the process of solid and hazardous waste access, contract access, scheduling access, and conditional access are adopted, and vehicle by vehicle acceptance is carried out after entering the factory.

Strictly follow relevant standards and specifications, develop a rigorous compatibility plan, and ensure that all quality indicators are controlled after the addition of solid and hazardous waste.

Quality Control of the Entire Process of Solid and Hazardous Waste Disposal

On the basis of a comprehensive quality management system and quality control measures for the entire process, the Group attaches great importance to the quality awareness and level of employees and has established a regular quality training system. At the same time, through activities such as "Quality Month", we have continuously strengthened the quality awareness of all employees and deeply implanted the importance and requirements of quality management in their minds.

Quality Month Serial Activities

In September 2022, the 45th National Quality Month, Yiyang Conch Environment launched a variety of thematic activities to firmly establish the awareness of quality among all its employees and comprehensively improve the level of quality management, closely adhering to the theme of "driving quality change and innovation, and promoting the construction of a strong city with quality".

Each department of the Company took the "Quality Month" activities as an opportunity to effectively enhance the quality control awareness and capability of all employees through offline training, knowledge competition, skill competition, and special quality inspection.



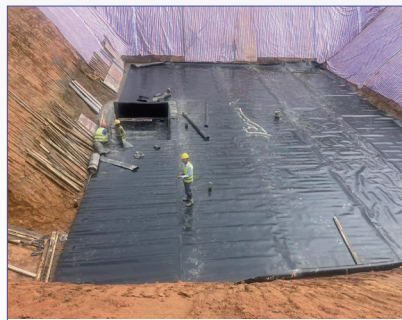
Quality Management

Project Quality

In terms of project quality management, Conch Environment has collated relevant internal rules and systems and formed the *Compendium of Construction Project Management System and Standardised Management Information* (建设工程管理制度及標準化管理資料匯編), which includes 16 systemic requirements for supervision and acceptance of pools against seepage and corrosion, steel structure, building appearance, etc. It has also completed the pre-acceptance of 16 projects such as Hailar, Arun Banner, Chaohu, Shaoguan, in accordance with the standardization requirements, providing a strong guarantee for the normal production and operation of such projects. During the Reporting Period, Conch Environment conducted project-specific inspections and on-site inspections. The special inspections cover multiple aspects such as certificate processing, peripheral works, contract management, system construction, plan management, on-site management, equipment management, installation and commissioning, and data management. We have refined the scoring items for quality management inspections, recorded information such as inspection content and key points, promoted and summarized excellent experiences and practices, proposed targeted rectification suggestions for hidden hazards, reduced construction and delivery risks, and improved project quality and management level. At the same time, we conducted 25 on-site inspections and proposed management requirements in terms of progress, quality, safety, and construction coordination, ensuring the projects to complete on schedule.



Strictly carry out material acceptance



Lay geotextile on the slope before the rain season



Ensure floor flatness



Data classification and archiving



Publicity of system and construction plan on the wall



Implement closed construction on site

Projects' Quality Assurance Measures of Conch Environment

In order to solve the problems encountered during the construction process in a timely manner and ensure project quality and progress, we have established a mechanism for weekly and monthly coordination meetings. During the Reporting Period, the Project Management Department, as the leading unit, organized 43 weekly and monthly coordination meetings to assess and score project leaders in terms of project plan completion rate, project quality management, emergency plan formulation, and other aspects, implemented a safety responsibility system, and sorted out 537 problems, 494 of which were implemented and resolved, effectively pushing forward the construction progress and ensuring project quality and safety.

Innovation Drive

Conch Environment insists on being innovation-driven and technology-led, actively engaging in innovation exchange and cooperation with industry partners, and extensively recruiting and retaining top talents, laying a solid foundation for product research and innovation.

Technological Innovation

With innovation as the core driver for the Company's development, Conch Environment has continued to explore new areas of environmental protection through technological innovation while improving upgrades of existing environmental protection technologies. During the Reporting Period, research projects were initiated in the fields of the disposal of fly ash from domestic waste incineration, and the preparation of alternative fuels for waste materials, etc., and some progress was made. During the Reporting Period, we invested a total of RMB 20.9 million in R&D expenses. In the future, we will continue to optimise our service model and consolidate our advantageous position.

Disposal of fly ash from domestic waste incineration

It is estimated that the annual production of fly ash from waste-to-energy plants in China is about 10 million tonnes, and it is a hazardous waste with large market potential. After researching domestic fly ash washing projects and technologies such as fly ash glass wool production, we are of the view that the utilisation of cement kiln resources after fly ash washing is currently a more suitable approach. The Group has been proactive in its deployment and the projects in Wuhu, Yiyang (a county in Jiangxi Province), and Yiyang (a city in Hunan Province) implemented at present have all adopted a collaborative technology of fly ash water washing and cement kilns. Based on the experience gained from the optimization and renovation of projects that have been put into operation, and the comprehensive consideration of the impact of factors such as staggered peak shutdown of cement kilns, the Company has focused on discussing and forming the Conch Environment's fly ash water washing technology route - sequential batch counter-flow fly ash water washing technology, and has applied for relevant patents.

In order to promote the fly ash business smoothly, we have actively carried out research on fly ash resource utilisation technology in the areas without cement kilns, and proposed a technical route of fly ash water washing + thermal treatment + building materials utilisation, which firstly reduces the chlorine element in fly ash through water washing, then degrades dioxins and solidifies heavy metals through thermal treatment, and finally uses the tailings in building materials, to realize the harmless disposal and resource utilisation of fly ash in the areas without cement kilns.



Research on the preparation of alternative fuels from waste materials

Through detecting the physicochemical properties of Refuse Derived Fuel (RDF) from different sources, and communicating with a number of domestic manufacturers on solid alternative fuel preparation technologies for waste preparation, we have gained a better understanding of alternative fuel preparation and terminal use through project inspection.

On this basis, we have determined the process plan for the Conch Environment cement kiln alternative fuel project, which is currently being promoted and implemented.

Conch Environment attaches great importance to the construction of R&D team. We have gathered technical R&D backbones and senior experts in thermal power, cement process, inorganic non-metallic material engineering, environmental engineering, electrical automation and other disciplines to constantly integrate and strengthen our own high-quality innovation resources to explore greater R&D and innovation potential. During the Reporting Period, 45.5% of the R&D team members of the Group had a master's degree or above, and 54.4% had over ten years of technical R&D experience. In addition, we also pay special attention to the cultivation of our internal R&D team, continuously consolidating the foundation of employee research and innovation through activities such as R&D special training, so as to guide employees to conduct efficient R&D and continuous innovation.

At the same time, we have made the *Interim Measures for Technology Research and Development Management* (技術研發管理暫行辦法) to stimulate the innovative vitality of our employees through a sound innovation management mechanism. We reward our R&D personnel based on the evaluation level of R&D projects, and reward project teams or main implementers who have obtained authorisation for invention patents, utility models, exterior designs, etc., main authors of research papers, and project teams or main implementers receiving commendations at national, provincial, and municipal levels and awards for their R&D projects. For the main implementers receiving R&D awards, their achievements will be recorded in their personal performance appraisal files as one of the basis for assessment, promotion, and technical title evaluation.

Conch Environment R&D Project Management Process



Innovation Drive

Intellectual Property Protection

Intellectual property is an important property of Conch Environment. We have made the *Interim Measures for the Management of Intellectual Property Rights of Conch Environment* (海螺環保知識產權管理暫行辦法) in strict accordance with the applicable laws and regulations of the places where we operate, such as the *Patent Law of the People's Republic of China* (中華人民共和國專利法), the *Trademark Law of the People's Republic of China* (中華人民共和國商標法), the *Copyright Law of the People's Republic of China* (中華人民共和國著作權法), and the *Anti-Unfair Competition Law of the People's Republic of China* (中華人民共和國反不正當競爭法). We have established an internal intellectual property management system to effectively safeguard the legitimate rights and interests of the Company.

The Group has clearly defined its intellectual property management organization and responsibilities and established an intellectual property management structure led by the Environmental Protection Research Institute. Each subsidiary is not only the main unit responsible for the generation and formation of intellectual property rights, but also the subject unit responsible for intellectual property management. The Finance Department and the Legal Department are responsible for assisting the subsidiaries in evaluating intellectual property assets and handling disputes and litigation cases.

Environmental Protection Research Institute	Subsidiaries
<ul style="list-style-type: none"> Implement national intellectual property management guidelines, policies, and regulations Study and develop the Company's intellectual property strategy, develop intellectual property work planning and plan Coordinate and guide the intellectual property management work of various units Be responsible for the registration, summary and management of the Company's patents, copyrights and other intellectual property rights Be responsible for promoting and popularizing intellectual property laws and personnel training Cooperate in handling intellectual property disputes, lawsuits, and other matters 	<ul style="list-style-type: none"> Clarify the intellectual property management department of the unit, establish and improve the intellectual property management system and workflow of the unit Be responsible for preparing the intellectual property work plan of the unit Guide and supervise subordinate units in managing the use of intellectual property rights Be responsible the unit's intellectual property rights maintenance, management, rewards and punishments and other related work

Allocation of Responsibilities for Intellectual Property Management at Conch Environment

During the Reporting Period, the Group added 13 new patents, bringing the cumulative number of patents in force to 85, and had one valid trademark.

Number of patents granted during the Reporting Period		The number of patents in force currently		The number of valid trademarks currently
Patent for invention	2	Patent for invention	7	1
Patent for utility model	11	Patent for utility model	78	
13		85		

Industry Co-Building

Conch Environment actively expands diverse cooperation channels and collaborates with universities to carry out R&D projects, achieving complementary advantages. At the same time, we actively participate in industry standard formulation and industry exchange activities, quickly enhance industry influence, optimize industry layout, and work together to promote industry development.

Research on resourceful utilisation of fly ash from waste incineration

Conch Environment, together with Xi'an University of Architecture and Technology, has carried out a research project on the resourceful utilisation technology of fly ash from municipal waste incineration in cement production, focusing on analysing the impact of low-temperature pyrolysis, high-temperature sintering and high-temperature melting on the phase composition and element composition of fly ash, and the feasibility of using the residue after thermal treatment as building materials.

Research on the application of modified desulfurized gypsum

Conch Environment and Anhui University of Technology have jointly conducted a special research project on the application foundation R&D of modified desulfurization gypsum in underground engineering spray layer support structures.

Collaborative Research Projects of Conch Environment

During the Reporting Period, we participated in the preparation of the industry standard of the *Project-based Carbon Dioxide Emission Reduction Assessment Technical Specification for the Production of Fuel Replacement Projects for Cement Clinker* (基於項目的二氧化碳減排量評估技術規範生產水泥熟料的燃料替代項目) and the national standard of the *Technical Specification for Collaborative Waste Disposal in Cement Kilns* (水泥窯協同處置廢物技術規範). At the same time, we participated in the 2022 China Oil Sludge Disposal and Utilisation and Soil Remediation Technology and Equipment Innovation Forum, the Third China Fiber Composite Material Solid Waste Recycling and High Value Utilisation Development Conference, the 10th National Industrial Wastewater Treatment New Technology and R&D Achievements Exchange Seminar, the First High-end Forum on Thermochemical Treatment of Industrial Solid Waste and Hazardous Waste and other related industry forums and exchange meetings.

High-Quality Service

Conch Environment adheres to the core value of "Customer First" and is committed to providing high-quality services. We regulate our marketing practices, facilitate communication and feedback channels, protect customer privacy, and continuously improve customer experience and satisfaction.

Responsible Marketing

The Group strictly complies with the laws and regulations applicable to the respective operational locations, such as the *Advertising Law of the People's Republic of China* (中華人民共和國廣告法), the *Civil Code of the People's Republic of China* (中華人民共和國民法典), and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* (中華人民共和國固體廢物污染環境防治法), to ensure compliance marketing, and actively build up a marketing management systems and a compliance marketing risk control mechanism.

The marketing management system of Conch Environment adopts a three-level management structure of "department (office) - region - subsidiary". During the Reporting Period, the Company issued systematic documents such as the *Interim Measures for Marketing Contract Management* (營銷合同管理暫行辦法), *Interim Measures for Marketing Personnel Management* (營銷人員管理暫行辦法), *Guiding Opinions on Market Expansion and Assistance for Newly Added Capacity and Inefficient Units* (新增產能及欠效單位市場拓展幫扶工作指導意見), *Guiding Opinions on Salary Assessment and Incentive for Marketing Personnel* (營銷人員工資考核激勵指導意見), and started to revise internal policies such as the *Interim Measures for Accounts Receivable Management* (應收賬款管理暫行辦法), *Guiding Opinions on the Formulation and Adjustment of Solid Waste Disposal Prices and Business Approval Filing* (固危廢處置價格制定和調整業務審批備案指導意見) to further improve the marketing internal control management system and standardized processes.

Policy system and management process

- Continuously improve internal policies and systems related to compliant marketing
- The content of the Company's external promotional materials needs to be jointly reviewed by the Company's leaders and various departments

Internal control and audit mechanism

- Conduct regular compliance internal and external audits
- Organize centralized training for new employees of the Company, including risk management topics such as Strict and Honest Employment (嚴於律已廉潔從業) and Management Measures for Intermediary Service Providers (中間服務商管理辦法)

Promotion activities and key cases

- The Marketing Management Department summarizes excellent cases and organizes online learning to improve the comprehensive abilities of the company's business personnel

Compliance Marketing Management Measures of Conch Environment

In order to better ensure the implementation of various marketing policies and measures, we have issued guidance on the training of marketing personnel for 2022 and formulated an annual training plan. The training content revolves around marketing personnel system, team spirit, business etiquette, marketing skills, customer resources, industry laws and regulations, financial risks, and other aspects. By combining online and offline methods, theoretical knowledge have been combined with practical cases in marketing work to comprehensively enhance the comprehensive abilities of marketing personnel. We tracked and verified the training progress of our subsidiaries every month to ensure that the training work was carried out on the ground. During the Reporting Period, the subsidiaries conducted a total of 1,544 training sessions, achieving comprehensive coverage of training content and participants.

Customer Service

Conch Environment always takes every customer feedback seriously, keeps communicating with customers with a dedicated attitude, and strives to improve customer service experience.

During the Reporting Period, we made every effort to explore customer channels, steadily increasing the number of cooperative clients, and steadily increasing our market control. We have further promoted cooperation with key customers to facilitate high-quality and efficient development of the Company. At the same time, we vigorously promoted value-added services of "environmental stewardship". Currently, a total of 31 companies have developed "environmental stewardship" promotion plans, which extend the scope of market services through butler-like services, further enhance customer adherence, and help improve the Company's soft power and overall efficiency.

In response to customer complaints, we have set up a customer service control procedure, which clearly stipulates the customer complaint handling authority, customer complaint process, feedback time limit and other contents, so as to quickly handle customer complaints and opinions and further improve the Company's service quality. At the same time, we communicated with customers through various forms and ensured that we conducted at least one regular customer visit per month to gain timely understanding and insight into customer feedback and respond to customer needs.

Customer managers or subsidiary marketing departments receive customer complaints

Report to the subsidiary's marketing department, marketing leaders, and the Marketing Management Department level by level based on the complaint level

Confirm the cause by the corresponding department or responsible leader and issue a handling opinion

Communicate with customers on handling plans

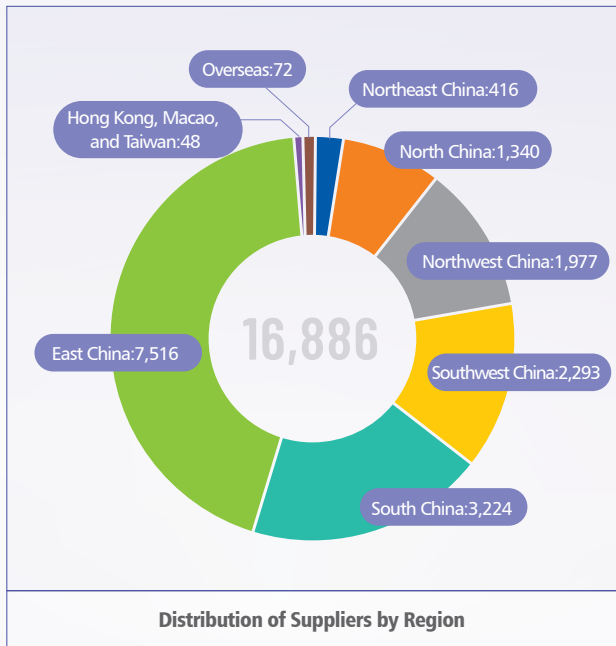
Arrange customer investigation and return visits to ensure that problems are properly handled

Conch Environment Custom Complaint Handling Process

At the same time, we have regularly conducted customer satisfaction surveys, conducted random spot checks on customer satisfaction in terms of transportation, disposal, customer service response, etc., and registered the *Customer Return Visit Record Form* (客戶回訪記錄表) to constantly optimize the Group's service quality. During the Reporting Period, we carried out more than 2,100 customer satisfaction surveys in total. The opinions and suggestions collected during the surveys were properly handled in accordance with the customer complaint process, achieving a 100% customer satisfaction rate.

Supply Chain Management

The Group strictly complies with the laws and regulations applicable to the respective operational locations, such as the *Tendering and Bidding Law of the People's Republic of China* (中華人民共和國招標投標法) and the *Implementation Regulations of the Tendering and Bidding Law of the People's Republic of China* (中華人民共和國招標投標法實施條例). In conjunction with the actual operation situation of the Company, we have established internal systems such as the *Regulations of Conch Environment on Tendering Management of Engineering Construction Projects* (海螺環保工程建設項目招標管理規定) to provide institutional guarantees for the Group's suppliers' access, assessment and rating, and integrity management. During the Reporting Period, Conch Environment had a total of 16,886 suppliers, with the following distribution:



Supplier Access

In the process of supplier admission, we examine the actual operation of all suppliers from all aspects and perspectives, and conduct a comprehensive evaluation of their professional qualifications, environmental requirements, labor rights, and other aspects. In order to further clarify the multi-dimensional requirements for supplier access and implement fair, just, and open bidding and procurement work, we have formulated the *Tender Evaluation Criteria* (評標準則) and issued a comprehensive evaluation form for contractors, refining the content of the screening and selection work by supplier category, mainly divided into five directions: civil decoration, installation, supervision, pit and pool anti-corrosion, and floor paint. We have also conducted in-depth evaluation from various aspects of project implementation, before selecting high-quality construction units. During the Reporting Period, we further improved the supplier access audit criteria and reviewed the qualifications of the personnel from various bidding units. The evaluation content was mainly divided into several levels: staffing, project quality management, project progress control, safe and civilized construction management, on-site construction management, material management, management of project funds operation, and the importance attended by the Company's management. Each level is further divided into several requirements, striving to be well-rounded and further strengthen the stability and reliability of the supply source.

Supplier ESG Risk Management

In order to promote the healthy and sustainable development of the supply chain, the Group integrates ESG risk factors into the process of supplier evaluation and cooperation to achieve ESG risk management in all links of the supply chain, including but not limited to the following measures:

Supply Chain ESG risk identification and response measures of Conch environmental protection

Basic requirements: Suppliers need to operate legally and in compliance with regulations, have sound internal systems, and have corresponding technology, equipment, and personnel.

Qualification requirements: Classify according to the estimated bidding price, and use suppliers and engineering contractors with relevant qualification certifications under the premise of meeting national standards.

Integrity cooperation: In order to strengthen the integrity construction and safety management of both parties involved in the cooperation, it is necessary to simultaneously sign the integrity construction agreement and safety production agreement for the engineering project when signing the contract.

Environmental management: Before the commencement of the engineering project, the construction unit is required to prepare a project construction organization design plan, which includes environmental management measures.

Labor governance: Ensure that suppliers use labor in compliance, and eliminate the use of child labor and forced labor.

In the regular inspection of engineering projects, we will also verify and document the ESG-related management of the contractor, make targeted rectification for potential problems, cooperate with suppliers to resist external risks, identify development opportunities, and promote the sustainable development of the enterprise and the industry.

ESG-related Certificate Inspection for Conch Environment's Engineering and Construction Projects

Project establishment and approval	Environmental impact assessment approval	Land use certificate
Construction land planning permit	Construction project planning permit	Review opinions of energy-saving reports
Pre-evaluation of safety and occupational hazards	Drawing review certificate	Construction project permit
Safety emergency plan, occupational disease emergency plan, and environmental emergency plan	Business license	Pollution discharge permit

Supplier Communication and Training

In order to continuously deepen the cooperative relationship with suppliers, timely understand their needs and feedback, the Group has established a diversified supplier communication and training system. We were committed to building communication channels and feedback mechanisms for all suppliers, and through on-site project communication, supplier conferences, and partner satisfaction surveys, we carefully listened to supplier opinions, jointly study project improvement measures, and promoted mutual benefit and win-win situation for both parties.

During the Reporting Period, Lanzhou Haizhong conducted on-site exchanges with suppliers on the dechlorination system and the SMP system. In the project, the system was optimised through using SMP technology, providing a separate oxygen meter, adding cleaning and online observation to ensure equipment operation. The chlorine removal system was optimised for the cyclone tube to improve powder selection efficiency and ensure that the chloride ion content meets the requirements of the cement kilns.



Green Development for Protection of Lucid Waters and Lush Mountains

Environmental Management	25
Response to Climate Change	26
Use of resources	28
Emission Management	29



Conch Environment is committed to reducing the negative impact on the environment during operational processes, while using innovative environmental technologies to give the environment a green future. The Group has actively identified and prevented environmental risks that may arise in the course of its operation, continued to promote pollution prevention and control, and through rational utilisation of resources, improved energy efficiency, further reducing its own carbon emissions, contributing to the global response to climate change.

Environmental Management

In strict compliance with relevant laws and regulations of the places where it operates, such as the *Environmental Protection Law of the People's Republic of China* (中華人民共和國環境保護法), and the *Law of the People's Republic of China on the Promotion of Clean Production* (中華人民共和國清潔生產促進法), Conch Environment actively tracks and identifies legal changes relating to environmental protection, energy conservation, clean production, atmospheric pollution and water pollution, carries out compliance evaluation, and updates its environmental management system according to external changes. The Group continues to modify and optimize internal environmental management regulations, and compiles the regulations in the *Collection of EHS Regulations* (安全環保職業健康制度匯編), to support the building of an efficient environmental management system. In the meantime, the Group continues to reinforce its environmental management system by increasing investment in environmental protection and solidly promoting environmental system certification. Based on a perfect environmental management system, 21 subsidiaries of the Group have obtained ISO 14001 Environmental Management System certification, representing a coverage of 56.76% (the calculation only covers hazardous waste disposal projects). During the Reporting Period, the Group had no environmental violation. As a large-scale environmental enterprise, Conch Environment actively solves solid waste and hazardous waste challenges for government bodies and enterprises, and attaches great importance to the environmental impacts of its operations while assuming social responsibilities. We have established standardized solid waste and hazardous waste management mechanism, set environmental requirements for energy conservation, carbon reduction, water saving and waste management with compliant operation and clean production in mind, and continued to optimize solid waste and hazardous waste disposal technologies to enhance our capability and value.

GHG emission reduction target

Conch Environmental will continue to promote alternative fuel projects, strengthen the transformation of solid waste and hazardous waste into resources, and actively respond to the carbon peaking and neutrality goals.

Water efficiency target

Conch Environmental will continue to optimize water saving mechanism, upgrade water saving equipment and enhance water saving consciousness to realize efficient use of water.

Energy efficiency improvement target

Conch Environmental will continue to optimize its energy structure and improve its energy efficiency by upgrading production and operation processes, using energy saving equipment, optimizing equipment configuration, and developing energy saving technologies.

Waste reduction target

Conch Environmental will continue to optimize its waste management system, process and measures to ensure compliance disposal of all hazardous waste and maximum recycling of non-hazardous waste.

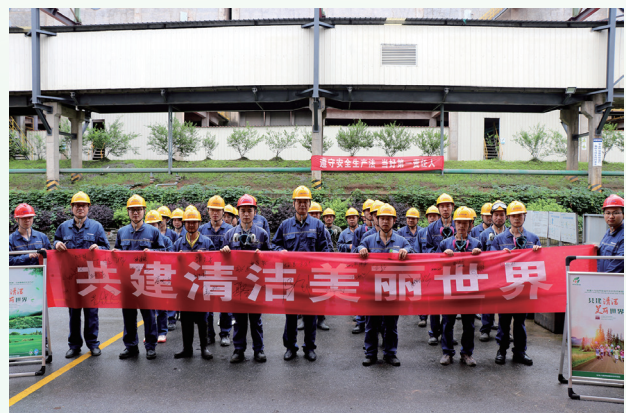
Environmental Targets of Conch Environmental

To achieve the environmental targets, and urge its subsidiaries to improve their environmental management, the Group has incorporated environmental indicators into the comprehensive appraisal of relevant heads in the subsidiaries. We assess the management of subsidiaries based on their size, operation indicators like total amount of disposal and completion rate, and comprehensive electricity consumption and machine-hour target, and commend subsidiaries with outstanding performance.

To create an atmosphere for green development, the Group carried out Environment Day activities, improving the employees' awareness of environmental compliance and protection.

Yiyang Conch Environmental and Yiyang Ecological Environment Bureau jointly launched June 5 World Environment Day activity

During the Reporting Period, Yiyang Conch Environmental and Yiyang Ecological Environment Bureau jointly carried out a June 5 World Environment Day activity around the theme "Building a Clean and Beautiful World Together". The activity publicized environmental policies and laws to the employees and the public through videos and on-spot training, enhanced public consciousness of environmental protection, and created a sound atmosphere for everyone to engage in environmental protection and building a cleaner world.



Response to Climate Change

As countries actively join the *Paris Agreement* (巴黎協定) and the Chinese government set the “carbon peak and carbon neutrality” goals (hereinafter referred to “Dual Carbon Goals”), Conch Environment comprehensively implements the new concept of green development to actively respond to the Dual Carbon Goals. We worked enthusiastically to reduce GHG emissions and improve energy efficiency, preliminarily identified climate risks, and worked out corresponding measures.

GHG Emission and Energy Management

In line with laws and regulations of the places where it operates, such as the *Energy Conservation Law of the People's Republic of China* (中華人民共和國節約能源法), Conch Environment continues to optimize its internal energy management mechanism, and clarify the responsibilities of each department and energy management personnel, to standardize its energy management.

During the Reporting Period, we established energy conservation and emission reduction strategies, optimized operation management, upgraded energy conservation performance of equipment, and transformed operating technologies, thereby improving energy efficiency and reducing energy consumption and GHG emission.

Management optimization

- Focus on the management of energy consumption per unit of solid waste and hazardous waste disposal
- Optimize operation time and make full use of off-peak hours to reduce the percentage of electricity consumption in peak hours
- Make reasonable arrangements for each equipment according to the operation mode of process system

Equipment upgrade

- Use induction lamps to reduce electricity consumption of lighting equipment
- Change diesel forklift to electric forklift to reduce carbon emission from forklift
- Make frequency transformation of draught fans to enable operation with higher efficiency and enhance energy efficiency

Technical transformation

- Increase solid waste and hazardous waste disposal amount by cement kilns through technical transformation to reduce unit energy consumption

Environmental Protection and Energy Conservation Measures of Conch Environment

On the basis of energy conservation in operations, Conch Environment upholds low-carbon transformation in logistics, and endeavors to reduce carbon emission in transformation and develop a new model of green transformation by reasonably arranging transportation resources, optimizing transportation routes, and strengthening transformation management model.

We set up several logistics companies around China to offer optimal resources based on the locations of production unit and disposal organization, and optimize routes to avoid unnecessary mileage and oil consumption.

Materials are checked carefully before shipping to prevent oil consumption due to mistakes.

Diesel consumption quota is linked to employee salary so the drivers will actively try to reduce oil consumption.

Green Transportation Measures of Conch Environment

In terms of co-processing in cement kiln, Conch Environment processes all kinds of waste with heating value, reuses and recycles wastes, and at the same time promotes optimization of the energy structure. We actively explore the use of alternative energy, and increase the percentage of alternative energy in consumption to accelerate low-carbon and green transformation. During the Reporting Period, the Group carried out research on alternative fuels, and made comprehensive planning for alternative fuel projects.

Conch Environment actively explores alternative fuels

Considering the heating value of solid waste and hazardous waste that the Group processes, Conch Environment actively promotes alternative fuel projects with its business and technical advantages to respond to the carbon peaking and neutrality strategy and occupy the market of alternative fuels.



During the Reporting Period, direct energy consumption of the Group mainly included natural gas, liquefied petroleum gas, coal, diesel and gasoline; its indirect energy consumption included purchased electricity and purchased steam. Set out below is relevant energy consumption and GHG emission data:

Energy consumption	Unit	2022
Direct energy consumption	MWh	155,670.68
Indirect energy consumption	MWh	59,214.20
Total energy consumption ²	MWh	214,884.88
Energy consumption per revenue	MWh/thousand RMB	0.12

Greenhouse gas emissions	Unit	2022
Scope 1 greenhouse gas emissions ³	Tonne CO ₂ e	51,110.23
Scope 2 greenhouse gas emissions ⁴	Tonne CO ₂ e	32,844.50
Total greenhouse gas emissions	Tonne CO ₂ e	83,954.73
Greenhouse gas emissions per revenue	Tonne CO ₂ e / thousand RMB	0.05

• 2 The calculation of energy (direct + indirect) consumption indicators was based on the national standard of the People's Republic of China such as the *General principles for calculation of total production energy consumption (GB2589-2020)* (綜合能耗計算通則(GB2589-2020)), etc.

• 3 The calculation of Scope 1 greenhouse gas emissions was based on the *Greenhouse Gas Protocol (GHG Protocol)* (溫室氣體核算體系) published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* (2006年IPCC國家溫室氣體清單指南) published by the Intergovernmental Panel on Climate Change (IPCC). Scope 1 greenhouse gas emissions include natural gas, liquefied petroleum gas, coal, diesel and gasoline.

• 4 The calculation of Scope 2 greenhouse gas emissions was based on the *Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions of Power Generation Facilities (2022)* (企業溫室氣體排放核算方法與報告指南發電設施(2022年修訂版)) published by the National Development and Reform Commission (HBQH[2021]No.111). The main sources of Scope 2 greenhouse gas emissions were purchased electricity and purchased steam.

Response to Climate Change

Identifying Climate Change Risks

While promoting green development, Conch Environment also focuses on the identification of climate change risks in its corporate management according to the national carbon peaking and neutrality strategy. During the Reporting Period, we completed the preliminary identification of climate change risks in light of suggestions from the TCFD (Task Force on Climate-related Financial Disclosures) and the geographical location of our operations and with reference to national policies, regional plans and industry trends. We assessed a series of risks in terms of relevance and degree of influence to our business and formulated targeted countermeasures, so as to proactively explore the direction of low-carbon transformation while reducing future risks, and continuously enhance our low-carbon development capability.

Risk category	Sub-category	Risk	Description	Countermeasures
Physical risk	Acute risk	Flood (including storms, increased rainfall, river overflows)	Storms and floods will destroy operation sites and facilities and cause power outage, resulting in operation interruption and asset loss.	Conch Environment takes the impact of extreme weather into full consideration in building design to enhance the defensive capability of buildings. In operations, we have established emergency response mechanism and optimized the risk management process for extreme weathers, and regularly conducts emergency drills.
	Acute risk	Drought	Drought may lead to water shortage, increase in the cost of water consumption, and even scarcity of water resources, causing increase in operating cost.	Conch Environment has strengthened water reuse measures, such as using domestic wastewater for greening after treatment according to standards, which could reduce municipal water consumption.
	Chronic risk	Sea level rise	Some of our operations are located in coastal provinces in China, where sea level rise could lead to damage to facilities and higher infrastructure costs.	Conch Environment evaluates the surrounding conditions of the operation sites, and takes timely measures to strengthen infrastructure construction; and also includes the risk as an important factor in site selection when investing in new plants in the future.
Transitional risk	Policies, laws and regulations	Increased cost of GHG emissions	As governments make ongoing efforts to honor their commitments under the <i>Paris Agreement</i> (巴黎協定) and the awareness of carbon emissions trading grows globally, greenhouse gas management policies and regulatory measures have been constantly improved. China has officially launched the National Carbon Emissions Trading Market. As more and more industries and companies are included in the carbon trading system, the cost of excess carbon emissions is expected to keep rising.	Conch Environment has set greenhouse gas emission reduction targets, and continued to build the green production and management system to reduce energy consumption and greenhouse gas emission.
	Technical risk	R&D cost of low-carbon technologies	Under the national carbon peaking and neutrality goals, Conch Environment has to actively control carbon emissions from operations and increase investment in developing clean technologies, to realize operations with low emissions. This means an increase of operating cost in the short term.	Conch Environment actively adjusts its green development strategy, strengthens exploration of clean technologies, and reinforces the R&D of low-carbon technologies.

Use of Resources

Conch Environment strictly complies with laws and regulations applicable in places where it operates, such as the *Water Law of the People's Republic of China* (中華人民共和國水法), and the *Law of the People's Republic of China on Water Pollution Prevention and Control* (中華人民共和國水污染防治法). To reduce water use and increase water use efficiency, we make reasonable planning and use of water and implement the concept of water recycling, thereby reducing water consumption from the source and improving our water use efficiency.

Water Conservation Measures

Recirculate water for washing fly ashes, reducing the consumption of fresh water.
Use domestic sewage for greening after treatment up to standards, reducing water consumption for greening.
Collect rainwater and use it to wash hazardous waste vehicles, reducing water consumption for car washing.
Use wastewater in slurry mixing.

During the Reporting Period, domestic sewage was used in greening after treatment up to standards, and production wastewater was recycled after treatment or completely treated, with no wastewater discharge. Set out below is the Group's water consumption data:

Type of water	Unit	2022
Tap water consumption	Tonne	112,469.53
Tap water consumption per revenue	Tonne/thousand RMB	0.07

As a large-scale environmental enterprise specialized in the treatment of solid waste and hazardous waste, we provide world advanced solid waste treatment technologies and use no packaging materials.



Emission Management

Conch Environment attaches great importance to emission management. We are always based on national laws and regulations and are guided by national laws and regulations and environmental protection, we implement an emission management responsibility system with focus on key and difficult issues in prevention control, and continuously explore innovative management methods to improve green operation capability and reduce environmental impacts of our production and operation.

Exhaust Gas Emission

Conch Environment strictly complies with the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法), the Regulations on the Administration of Pollutant Discharge Permits (排污許可管理條例), the Standard for Pollution Control on Co-processing of Solid Wastes in Cement Kiln (水泥窯協同處置固體廢物污染控制標準) and the Integrated Emission Standard of Air Pollutants (大氣污染物綜合排放標準), and other related laws, regulations and exhaust gas discharge standards, it continues to update and optimize the Pollutant Discharge Management System (污染物排放管理制度) and other internal management procedures, and reduces pollutant discharge while ensuring compliance discharge.

The sources of exhaust gas at Conch Environment mainly include the combustion of different types of waste in production and operation and waste transportation vehicles. Exhaust gas emissions from the combustion of waste are mainly hydrogen chloride and hydrogen fluoride, and other emissions are controlled and disposed of by cement kilns and other cooperative enterprises. In terms of logistics, exhaust gas emissions from our transportation mainly consist of nitrogen oxides, sulphur oxides and particulate matter from the consumption of fossil fuels by vehicles.

Conch Environment is committed to the reduction of exhaust gas emissions from operations. First, we use the high temperature in cement kilns to burn and break down organic components in solid waste and hazardous waste, and solidify heavy metal with cement, thereby reducing the discharge of hazardous substances from the treatment of solid waste and hazardous waste. Second, we store, pre-process and treat hazardous waste with negative pressure control during equipment operation and pump exhaust gas to cement kilns for treatment, thereby reducing emissions. When cement kilns are out of service, activated carbon is used to adsorb exhaust gas, thus reducing emissions from storage, pretreatment and disposal of solid waste and hazardous waste.

Set out below is our exhaust gas emission data during the Reporting Period:

Exhaust gas	Unit	2022
Hydrogen chloride (HCl) emissions	Tonne	290.97
Hydrogen fluoride (HF) emissions	Tonne	33.12
Air pollutants ⁵	Unit	2022
Nitrogen oxide (NO _x) emissions	Tonne	60.99
Sulphur oxide (SO _x) emissions	Tonne	0.07
Particulate matter (PM) emissions	Tonne	4.93

Waste Management

Conch Environment strictly complies with the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution (中華人民共和國固體廢物污染環境防治法), the National Catalogue of Hazardous Wastes (2021 Revision) (國家危險廢物名錄(2021年版)), the Identification Standard for Solid Waste (GB34330) (固體廢物鑒別標準(GB34330)) and other laws and regulations of the places where it operates, and regularly refines its disposal rules for wastes from its production and operation according to

changes in business and compliance requirements, to enhance waste management efficiency. During the Reporting Period, we optimized waste management measures to reduce the generation and emission of wastes.

Activated carbon that has absorbed exhaust gas is burned in cement kilns to reduce the generation of wastes and coal consumption by cement kilns.

Crystalline salt derived from fly ash washing is treated up to set standards and then sold to qualified units, turning trash to treasure.

Tailings from sludge disposal is treated up to set standards and then used as material in brick making and paving.

Waste Management Measures of Conch Environment

We collect and store wastes by categories and dispose of them reasonably in strict accordance with relevant laws and regulations. Solid wastes we generate mainly include paper and domestic waste. Set out below is our waste generation data during the Reporting Period:

General solid waste	Unit	2022
General solid waste generated (recyclable)	Tonne	18,272.43
General solid waste generated (non-recyclable)	Tonne	159.69
Total general solid waste generated	Tonne	18,432.12
General solid waste generated per revenue	Tonne/thousand RMB	0.01
Hazardous waste	Unit	2022
Total hazardous waste generated	Tonne	/
Hazardous waste generated per revenue	Tonne/thousand RMB	/

Note: Our hazardous waste in 2021 was pyrolysis tailing, while in 2022, pyrolysis tailing was no longer recognized as hazardous waste; the project companies could dispose of waste activated carbon and waste liquid from a laboratory on their own.



⁵ The air pollutant emissions mainly generated from transportation vehicles and were calculated with reference to the Vehicle Emission Calculation (VEC) model of the Environmental Protection Department of Hong Kong (EMFAC-HK) and the MOBILE6.1 Particulate Emission Factor of the United States Environmental Protection Agency.



People-oriented Talent Management

Labour Management	31
Talent Development	32
Communication with and Caring for Employees	34
Occupational Health and Safety	36



Talent is crucial for the scientific development of enterprises. Upholding a people-oriented philosophy, Conch Environment believes talent is the basis of stability and the fundamental driver of sustainability. We always value and endeavor to protect the legitimate rights and interests of each employee, provide growth platforms for them to achieve diversified development, and create a healthy and safe working environment, taking good care of our employees, so that we can have a better future together with our employees.

Labour Management

We strictly complies with the *Labour Law of the People's Republic of China* (中華人民共和國勞動法), the *Labour Contract Law of the People's Republic of China* (中華人民共和國勞動合同法), the *Employment Promotion Law of the People's Republic of China* (中華人民共和國就業促進法), the *Special Rules on Labour Protection of Female Employees* (女職工勞動保護特別規定), the *Trade Union Law of the People's Republic of China* (中華人民共和國工會法), the *Law of the People's Republic of China on the Protection of Minors* (中華人民共和國未成年人保護法) and the *Provisions on the Prohibition of Using Child Labour* (禁止使用童工規定), and other relevant laws and regulations in the places we operate, we have formulated internal regulations like the *HR Management Measures* (勞動人事管理辦法), the *Employee Selection and Recruitment Management Measures* (公司員工選聘管理辦法), and the *Staff Management Implementation Rules* (公司員工管理實施細則). Adhering to the principle of fairness in recruitment, we refrain from discrimination in employment based on ethnicity, gender, region, or religious belief, and resolutely prohibit child labour or any form of forced labour. During the Reporting Period, we were not aware of any use of child labour or forced labour.

Conch Environment has built a sophisticated recruitment system and developed various recruitment channels to attract talents with required knowledge, skills and experience and fuel sustainable development of the Group. We formulate recruitment plans based on our present and future talent demands at the beginning of each year and each quarter, interview, screen and employ reserved talents in light of the subsidiaries' needs, and carry out campus recruitment every spring and summer through cooperation with universities.

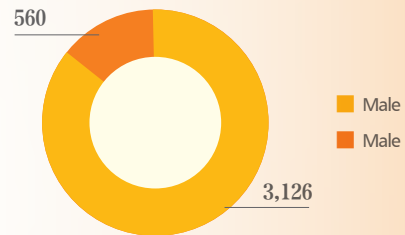
Campus recruitment

We establish cooperation relationship with universities and set up Conch Environmental classes to select talents from fresh and previous graduates. This year, we selected more than 110 talents.

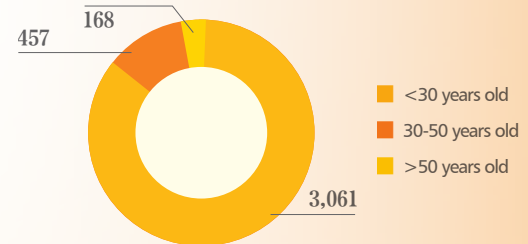
Social recruitment

Conducting online recruitment campaigns by using third party recruitment software.

Breakdown of employees by gender(people)



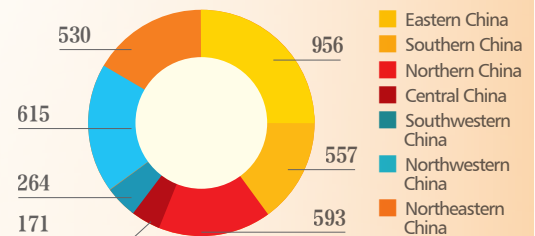
Breakdown of employees by age group(people)



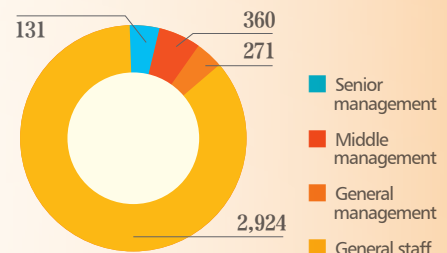
Recruitment Channels of Conch Environment



Breakdown of employees by region(people)



Breakdown of employees by position(people)



As of the end of the Reporting Period, the Group had 3,686 employees, including 3,606 full-time employees and 80 contingent workers. 305 new full-time employees were hired during the Reporting Period. The breakdown of employees⁶ is as follows:

⁶ The breakdown of employees included labour workers.

Talent Development

A wealth of talent is vital to the success of a great cause. Conch Environment believes talent development is the foundation of business growth. Viewing talent as the key to success in competition, we respect and value every employee, develop a scientific promotion mechanism, and constantly strengthen the employee development and training system, to build a bank of high-potential talents.

Promotion Management

Valuing the growth and promotion of talents in the Company, we provide multiple career development channels for our employees. We have built a basic talent bank for senior, middle-level and technical positions, adopted a dual career ladder with technical side and administrative side, established a talent selection mechanism that combines daily appraisal with annual assessment, and continued to improve the talent development mechanism to promote talent echelon construction and integrated use of talents.

Key technical and management personnel
<ul style="list-style-type: none"> The subsidiaries regularly recognize the grades of technical and management personnel every year based on an inspection of their technical or management capability through performance appraisal, democratic appraisal and appraisal of operating skills.
Mid-level managers
<ul style="list-style-type: none"> We have established relevant management regulations and adhere to the principle of "comprehensive investigation and collective decision-making"; Mid-level cadres are subject to a comprehensive investigation of their quality and ability before being selected, and the selection decision is made by collective study according to the principle of democratic centralism.
High-potential talents
<ul style="list-style-type: none"> Exceptionally excellent young talents, personnel that make significant contribution to production and operation, and personnel arranged as reserve cadres for key process technologies may be admitted as an exception after being approved the Company.

Talent Selection Mechanism

During the Reporting Period, we refined the management of employee promotion and developed annual HR management plan and targets, to facilitate our sustainable development. We also encourage internal talent mobility by providing reasonable cross-company and cross-position mobility mechanism, thereby promoting integration of talent management among subsidiaries and offering broader development opportunities to employees.

Implement cadre selection and adjustment decisions
<ul style="list-style-type: none"> Approximately 140 cadres were selected, promoted or adjusted in six personnel adjustments throughout the year Approximately 90 mid-level cadres were selected or promoted during the Reporting Period
Strengthen integration of human resources
<ul style="list-style-type: none"> We strengthened employee communication between departments and units, thereby changing the contradiction between supply and demand of talents in our rapid development to opportunities for developing backbone talents We deployed about 380 talents, up nearly 40% year on year

Annual HR Management Plan and Implementation Situation of Conch Environment

Employee Training

Valuing staff building, Conch Environment continued to improve the employee training system and carried out relevant training activities to develop more efficient and outstanding talents. According to the Implementation Rules for the Management of Employee Training (員工培訓管理實施細則) and other internal regulations, we launched three training programs, encouraged the subsidiaries to develop training plans and targets in light of their needs, and provided competence and skill improvement platforms for employees, to help them form the mindset and habit of lifelong learning.

Orientation training
<ul style="list-style-type: none"> Our orientation training covers safety education, corporate culture, regulations, basics of the Company and responsibilities of each department, aiming to help new employees get initial understanding of the Company
Training and upgrading of skills for in-service employees
<ul style="list-style-type: none"> Conch Environmental and its subordinate units issue the annual training plans with task breakdown by months in the beginning of the year. The departments organize internal knowledge and skill training, and evaluate the training effect afterwards. The HR department issues the training management and appraisal briefing to supervise training behaviors and effects
Large-scale specialized training activities
<ul style="list-style-type: none"> Specialized training sessions are organized regularly in light of business demands, such as marketing management improvement training, online training on firefighting facilities, training on fiscal and tax incentives, training on plan management and management of field supplies, and special training on environmental laws and regulations

Training System of Conch Environment

Wuhu Conch Venture organized skill improvement training for grass-roots employees

In October 2022, Wuhu Conch Venture organize skill improvement training for grass-roots employees to improve employee quality and facilitate the company's stability and efficient development. The training covered work safety, field management and industry standards as well as bottlenecks and problems with new processes and technologies. Through the training, the employees had a deeper understanding of their work, combined theory with practice better, and formed a positive atmosphere of learning and working at the same time.



Talent Development

In addition, Conch Environment also encourages all employees to improve themselves through self-development channels, such as academic advancement and vocational qualification certification, and offers examination fee reimbursement and learning subsidies.

Vocational qualification certification program

Employees who have obtained, at their own expense, a vocational qualification that the Company encourages and is closely related to their job (included in the Catalogue of Professional Qualifications) during their employment may submit a written application with the qualification certificate and invoices, and the Company will fully reimburse the entry fee, cost of designated teaching materials, training fees, and travel expenses for the exam.

Academic advancement program

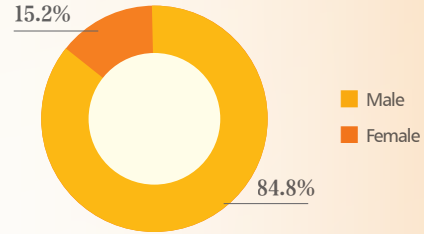
The Company offers tuition subsidies to in-service employees who have passed the national unified entrance examination for further education through self-study and obtained the admission qualification of master's degree or doctoral degree in the profession related to his/her job (subject to the admission letter) after examination of his/her application by the Company.

Academic Advancement and Vocational Qualification Certification Programs of Conch Environment

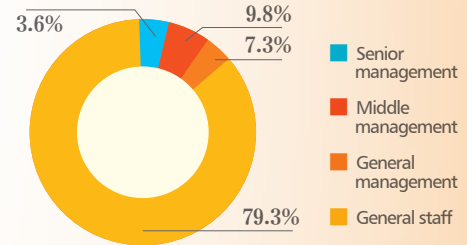
During the Reporting Period, 100% of the Group's employees received training, with total training and development hours of 15,849.8 and average training hours of 4.3 hours per person.



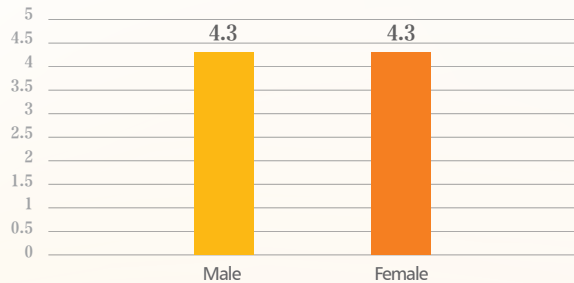
Percentage of employees trained by gender



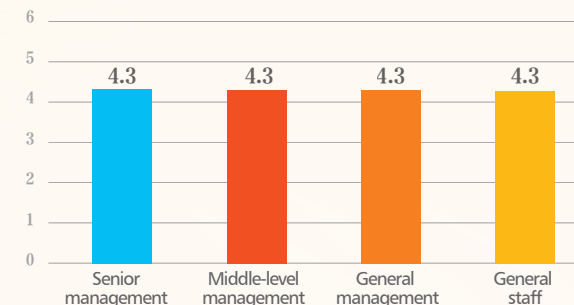
Percentage of employees trained by position



Average training hours by gender Unit: Hour



Average training hours by position Unit: Hour



Communication with and Caring for Employees

Committed to creating a better future for its employees, we actively perfect the employee communication mechanism, improve the remuneration and incentive system, and offer practical support and diversified activities, to let them gain a stronger sense of happiness and belonging in a warm and loving environment.

Communication with Employees

Conch Environment attaches great importance to employees' opinions and interests. To better understand their appeals and strengthen democratic communication, we have built smooth communication channels between grass-roots employees and the management. During the Reporting Period, we opened general manager's mailbox to all employees of the Company. We also opened online communication channel with complaint and reporting emails published on our official website and intranet, and improved the employee communication mechanism.

Listening to the voice of employees

To strengthen effective communication between employees and management and help the employees solve practical issues in work and life, Xianyang Conch Venture held a tea party with its employees on September 22. The tea party brought the employees and the management closer, enhanced mutual understanding, relieved the employees' pressure at work, solved some of their puzzles and problems in work and life, and created a harmonious and interactive work atmosphere.



Employee Remuneration and Benefits

Conch Environment has well-established performance appraisal and remuneration & benefits systems to motivate the employees, seek various benefits for them, and promote sustainable development of the employees and the Company.

Conch Environment has established a sound personal performance management and appraisal system to guide the employees' career development. The HR department evaluates employees comprehensively through annual talent review, modifies management performance indicators, holds performance appraisal meetings every month to assess the employees' performance, and develops and implements rewards and penalties on fair, impartial, open and transparent grounds.

We provide equitable and competitive remuneration to all employees and link their performance with bonuses to encourage them to enhance their ability and work efficiency, thereby contributing to the Group's efficiency improvement.

Management positions

Executives in the parent company, and mid-level management and above personnel in subsidiaries, whose monthly basic salary consists of post salary and post bonus.

Technical and auxiliary positions

Technical specialists in the parent company, and technical supervisors, professional technicians, operators, auxiliary personnel and logistics personnel in subsidiaries, whose monthly basic salary consists of minimum salary, education-based salary, post salary and post bonus.

Minimum salary: subject to prefecture-level standards specified in provincial documents; education-based salary: subject to fixed standards by educational qualification, which is conditional subsidy based on educational qualification.

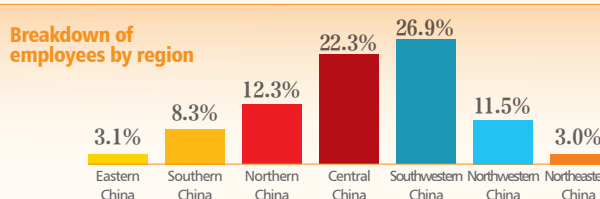
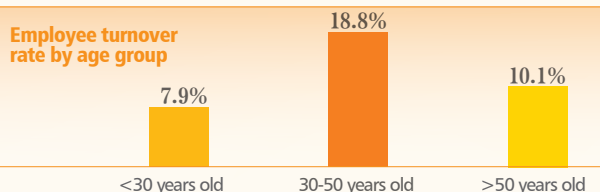
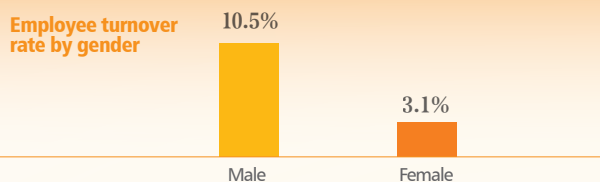
Remuneration System of Conch Environment

In addition, Conch Environment actively creates a harmonious and caring workplace and provides a wide spectrum of employee benefits to enhance the employees' cohesion and sense of belonging. We strictly comply with laws and regulations in places where we operate to offer social insurances and benefits to our employees and ensure all-around protection of their rights and interests.

Employee benefits system

- Social insurance and medical insurance
- Annual health checks
- High-temperature subsidy and meal subsidy
- Festival benefits
- Statutory holidays and paid annual leave
- Maternity allowance and comfort money for ill employees

The Group's employee turnover rate was 9.4%⁷ during the Reporting Period.

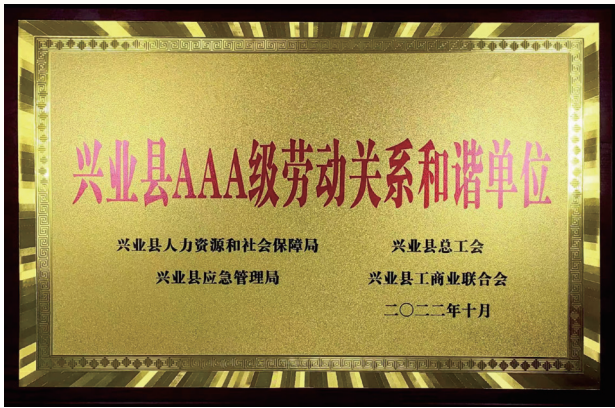


⁷ Turnover rate= Number of turnover in the category / Total number of employees in the category at the end of the period

Communication with and Caring for Employees

Caring for Employees

Conch Environment is concerned about every employee and bears their hard work in mind. We hold various employee activities to enrich their life, enhance their sense of happiness, and improve team cohesion.



Xingye Conch Venture was awarded "AAA Harmonious Labour Relations Unit" by Xingye County

Caring for female employees

During the Reporting Period, the Company's subsidiary Dengfeng Haizhong held Women's Day activity by visiting female employees and organizing mountain climbing.



Helping employees in need

During the Spring Festival, the Company's subsidiaries Qianyang Conch Venture and Jining Conch Venture visited employees in need and sent care and Spring Festival greetings to them.



Wenshan Conch Venture sending Mid-autumn Day gifts

To send the company's care, arouse the employees' enthusiasm towards work, and enhance their sense of belonging to the company, Wenshan Conch Venture sent Mid-autumn Day gifts to the employees.

Every time when the company distributes gifts, the handling personnel would carefully check the list to ensure the gifts will be given to every employee accurately, and let them feel the care and warmth from the company.



Dengfeng Haizhong held a friendly basketball match Dengfeng Zhonglian

During the Reporting Period, Dengfeng Haizhong held a friendly basketball match with Dengfeng Zhonglian. The employees actively participated in the match, demonstrating the spirit of courage and unit of Dengfeng Haizhong. The match strengthened exchange between the companies, improved communication between their employees, and created a sound atmosphere of unity and friendship.



Occupational Health and Safety

Conch Environment always puts employees' health and safety in the first place, and constantly improves its health and safety related policies and management structure to create a healthy, safe and comfortable working environment for the employees.


Employee Safety

The Group upholds the work safety policy of "safety first, prevention foremost, comprehensive management", and strictly abides by laws and regulations in places where we operate such as the *Law of the People's Republic of China on Work Safety* (中華人民共和國安全生產法), and the *Measures for the Administration of Contingency Plans for Work Safety Accidents* (生產安全事故應急預案管理辦法). We have established work safety systems including the *Safety Management System for On-site Operations* (現場作業安全管理制度), the *Safety Management System for Related Parties and Outsourced Workers* (相關方及外用工安全管理制度), the *Safety Management System for Equipment and Facilities* (設備設施安全管理制度), the *Management System for the Use of Hazardous Substances* (危險物品使用管理制度), the *Management System for Major Hazards* (重大危險源管理制度), the *Management System for Safety, Environmental and Occupational Health Marking and Labeling* (安全環保職業健康標識標註管理制度), the *Management System for the Investigation and Control of Safety, Environmental and Occupational Health Hazards* (安全環保職業健康隱患排查和治理制度), the *Management Measures for the Reporting and Investigation of Work Safety Accidents* (生產安全事故報告與調查管理辦法), the *Management Measures for Power Outage and Transmission* (停送電管理辦法), and the *Management Measures for Registered Safety Engineers* (註冊安全工程師管理辦法). During the Reporting Period, we revised the *Work Safety Accountability System* (安全生產責任追究制度), and strengthened and enlarged the investigation of safety accidents, to provide all-around protection of the employees' health and safety.

To further standardize occupational health and safety management, we established a safety management structure led by the EHS Management Committee. The EHS Management Committee is responsible for deploying, supervising, guiding and coordinating safety and health management, holding committee meetings twice every year to coordinate related matters, and implementing review and assessment of targets and indicators. We adopt a safety responsibility system, incorporate health and safety into the performance appraisal of leaders in all units and projects, and advance safety management.

The Group did not have any work-related fatalities in the past three years. During the Reporting Period, all annual work safety targets and plans were effectively carried out. 21 subsidiaries of Conch Environment have passed ISO 45001 certification, with a coverage rate of 56.76% (the calculation only covered hazardous waste disposal projects).

General safety targets for 2022

0	Work-related fatalities	
0	New cases of occupational diseases	
0	Major or above safety accidents	
0	Major or above fire accidents	
0	Major or above traffic accidents	
≤ 2	Work-related injury rate per thousand employees	

Safety Targets of Conch Environment



Guided by the safety management structure, we implement safety management measures in front-line work and refine the measures in terms of safety responsibility management, safety inspection and supervision, and safety standardization.

Safety Management Measures of Conch Environment



We urged leaders of all units and projects and members of the leading bodies to implement safety management through the statement of safety and environmental responsibilities for 2022 which was required to be signed level by level, with a coverage rate of 100%.



We revised the *Work Safety Accountability System* (安全生產責任追究制度) by strengthening and enlarging the identification of safety accidents and enhanced the awareness of safety management at all levels.



We urged strict implementation of work safety measures through intra-regional, inter-regional and headquarters random safety and environmental checks, pre-acceptance inspections and other forms of inspections.



We advanced safety standardization and invited experts to give spot inspections and instructions to promote on-site work safety management.

Besides employees, we also attach importance to the health and safety of our suppliers, contractors and other stakeholders. We sign safety agreement with all suppliers, implement safety management of outside staff as we do to our own employees, carry out safety education and training, and provide safety and protection supplies. During the Reporting Period, the Group was not aware of any work-related fatalities, and the number of lost days due to work injury was about 225 days.

Occupational Health

Committed to providing healthy and comfortable working environment, we strictly comply with laws and regulations like the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* (中華人民共和國職業病防治法) and prevent factors that may cause occupational hazards to protect the employees' health and safety.



Health checkup

- Annual health checkups

Risk identification

- Test and disclose occupational hazards every year

Protective supplies

- Purchase qualified safety and protection supplies.
- Regularly update protection supplies according to needs

Occupational Health Protection Measures of Conch Environment

Occupational Health and Safety

Safety and Health Publicity

To enhance the employees safety awareness, Conch Environment implements targeted safety and health training, publicity and drills, and promotes the health and safety system in a progressive manner. During the Reporting Period, 19,094 employees participated in occupational health and safety training, with a coverage of 100% and 10,730.5 training hours.

"All for the health of workers"-Publicity Week for the Law on the Prevention and Control of Occupational Diseases

During the week from April 25 to May 1, 2022, which was the 20th publicity week for the Law on the *Prevention and Control of Occupational Diseases* (職業病防治法), Yiyang Conch Environment held a series of activities around the theme "all for the health of workers". We publicized knowledge about occupational health through WeChat groups, publicity windows and LED screen, and distributed occupational safety and health manuals to employees, which helped them learn about common occupational diseases and form the protection awareness.

Around the use of labour protection equipment, noise and dust, the Company's safety and environmental protection division produced two promotional videos with focus on the prevention and treatment of pneumoconiosis, the hazards of production noise and how to prevent, and the hazards of high-temperature operation and prevention, which increased the employees' ability to prevent occupational diseases and their awareness of occupational health.



During the Reporting Period, Yiyang Conch Environmental also organized emergency drills on occupational health to enhance the employees' emergency response ability. The head of safety and environmental protection led the participants to learn about the basic steps of CPR and precautions.



Focusing on fire safety to guarantee high-quality development-Fire Prevention Month

During the Reporting Period, Wuhu Logistics organized a series of activities around the theme "focusing on fire safety to guarantee high-quality development", including fire safety signing ceremony, fire safety training and emergency drills. All transportation units learned the Group's notice on the Fire Prevention Month, hanged banners of "Focusing on Fire Safety to Guarantee High-quality Development" in production areas, and updated contents in publicity windows, creating a rich atmosphere of fire safety.



The transportation units carried out routine meetings and training sessions on fire safety in light of regional and climate characteristics, with focus on identification of fire safety hazards, fire evacuation and the *Fire Protection Law* (消防法). The activities helped the drivers and escort personnel improve fire safety awareness, risk identification ability and emergency response ability through videos and PPT presentation.



The transportation units also carried out fire safety emergency drills including initial fire fighting, self-rescue, evacuation and alerting, and lectures and practical exercises on fire-fighting equipment to enhance the drivers and escort personnel's response ability to fire emergency.





Committed to Public Welfare and Social Responsibility

Community Investment	39
Investing in Public Welfare	40



Committed to public welfare and community development, Conch Environment bears in mind the ideas of repaying the society and fulfilling corporate social responsibility, and implements the ideas by practical action. In 2022, the Company carried out charity activities and participated in the fight against COVID-19 and disaster rescue with its resources and advantages, making contribution to green and sustainable development of the society.

Community Investment

Assisting in the Disposal of Hazardous Waste

Dedicated to become “a responsible environmental enterprise”, Conch Environment makes full use of its resources and technical advantages to assist local governments in emergency disposal of hazardous waste, contributing to regional safety and stability.

Suzhou Conch Venture assisted local government in disposing hazardous chemicals



During the Reporting Period, Suzhou Conch Venture actively assisted Suzhou Environmental Protection Bureau and Emergency Management Bureau in emergency disposal of unidentified liquefied gas containers unearthed in Fengmiao Town, Lingbi County during stream course clearance. After receiving the notice, the company immediately reported to the Group and the Eastern China company and worked out a disposal solution, got the emergency supplies ready, and hurried to the site.

Our disposal personnel carried out several rounds of communication and discussion with the Environmental Protection Bureau, the Emergency Management Bureau, the fire brigade, and regional production professionals. After adequate preparation of the protection equipment and measures and technical safety briefing, our disposal personnel approached the liquefied gas containers for investigation and dust removal, and restored the pressure release function of the valve. All measures were taken strictly, meticulously and urgently according to commands. Eventually, two methylamine containers were safely released, and transferred by Conch Environmental Logistics to a predetermined location of Suzhou Conch Venture after dilution.

Nanjing Haizhong assisted the local government in emergency disposal of hazardous waste

During the Reporting Period, Nanjing Haizhong received an emergency notice from Nanjing Jiangning Ecological Environment Bureau about a paint spill accident resulting from a truck rollover at the entrance to the ring expressway of Jiangning District. The company initiated a contingency plan immediately upon receipt of the notice and drafted a disposal plan. The emergency disposal group began to prepare required supplies at once and hurried to the site.

The paint spill caused a lot of paint thinner contaminated soil and bituminous materials that required emergency disposal. On-site materials were not packaged due to urgency. To minimize environmental pollution, Nanjing Haizhong purchased a number of open IBC tanks and deployed several excavators for site clearing. During the Reporting Period, it transferred all of the 510 tons of spilled paint to the plant and completed disposal, thus effectively eliminating major environmental pollution hazard for the local government.



Yiyang Conch Environmental actively cooperated with the Public Security Bureau of Wannian County to collectively and harmlessly destroy drugs



Before the June 26 World Drug Day in 2022, Yiyang Conch Environmental cooperated with the Public Security Bureau of Wannian County to collectively destroy drugs with cement kiln co-processing technology. This method does not produce secondary residue, the exhaust gas meets environmental standards, and

there will be no air or soil pollution. During the Reporting Period, the company destroyed 10.7 tonnes of drugs confiscated by the Public Security Bureau of Wannian County.

Organizing “Open Day” Activities

Conch Environment sees education as the basis of social progress and its corporate social responsibility. We continue to carry out environmental publicity in communities, and make full use of the Environmental Open Day to guide the public to join the construction of ecological civilization and environmental protection, enhance public awareness of environmental protection, and spread positive energy of green civilization. During the Reporting Period, Conch Environment received 2,642 people, including government bodies, enterprises, teachers and students.

Yangchun Conch Venture carried out environmental education and practice

During the Reporting Period, Yangchun Third Middle School organized teachers to visit Yangchun Conch Venture in an environmental education and practice activity. Over 30 core teachers of the school participated in this activity. They visited the main workshop exhibition hall, the central control room and the sightseeing corridor, and learned about the disposal process of solid waste and hazardous waste and the cement kiln co-processing technology for comprehensive utilization of solid waste and hazardous waste. This activity aimed to make teachers practice and spread the concept of ecological civilization, and then influence more teachers and students to learn about environmental protection and participate in environmental protection actions by organizing retraining and student environmental volunteering activities.

Qianyang Conch Venture held Open Day activity

During the Reporting Period, Qianyang Conch Venture held Open Day activity by receiving more than 40 teachers and students majoring in environmental engineering from the School of Geographic and Environmental Sciences of Baoji University of Arts and Sciences. The guide showed them to the central control room and the laboratory, helping them to comprehensively and systematically learn about the distribution of major environmental facilities, the storage and protection measures for solid waste and hazardous waste, and the technical advantage of cement kiln co-processing technology.



This Open Day activity allowed the students to take a closer look at environmental facilities, and to learn about cement kiln co-processing technology and its social effect, thereby improving their awareness of environmental protection, making more people understand, join and support environmental protection, and creating a sound atmosphere for the construction of ecological civilization.

Investing in Public Welfare

Conch Environment regularly organizes thematic charity activities and encourages its staff to participate in the activities to pass on the spirit of charity and shoulder social responsibility with the Company. During the Reporting Period, we donated a cumulative of RMB 94,000.

Luoyang Haizhong organized party member volunteers to conduct sweet potato harvesting activities in rural areas

Ruyang County is a major producer of sweet potatoes in China, and Baishu Township in the county is particularly known for its sweet potatoes. Knowing the fundamental significance of industrial prosperity to rural revitalization, local governments began to develop the cultivation of sweet potatoes as a featured industry in recent years so as to strengthen collective economy and help more villagers get rich. This year, 26,000 mu of sweet potatoes were planted in the region, but a lot of potatoes were left unharvested due to labour shortage. A dozen Party members from Luoyang Haizhong volunteered to help the villagers harvest sweet potatoes, thereby solving the pressing needs of them and improving their sense of happiness.



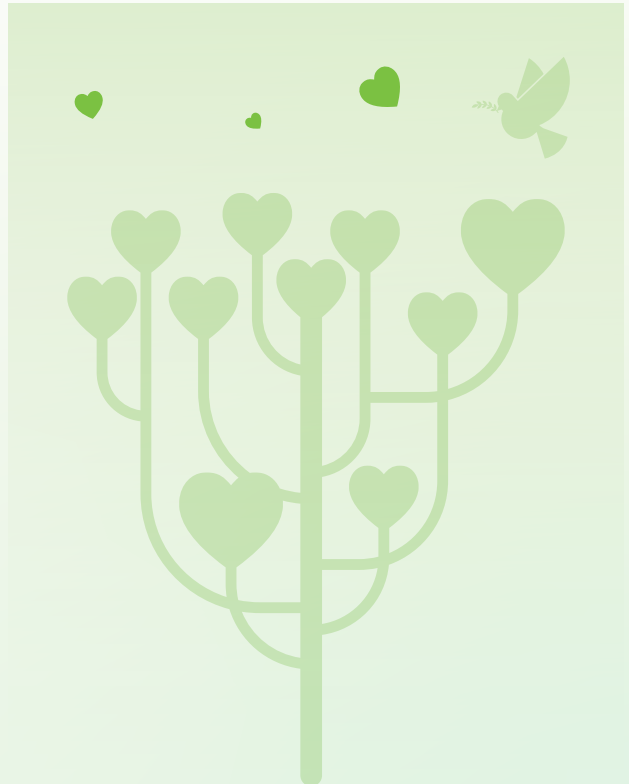
Employees of Qiyang Conch Venture participated in unpaid blood donation activities

In response to the call of Baoji municipal government, Qiyang Conch Venture organized its employees to participate in unpaid blood donation activities to contribute love to the society.



Conch Environment supported COVID-19 prevention and control in Shanghai

Since the COVID-19 outbreak in Shanghai in April 2022, Conch Environment immediately purchased logistics supplies to support Shanghai. It sent a truck loaded with 30.5 tons of fresh vegetables from Baimao Town, Wuwei, Anhui Province to Shanghai. The Company attached great importance to the transportation of supplies. It thought ahead and made overall planning for organization of human resources, vehicle transportation, COVID-19 prevention and control, purchase of supplies, and coordination with Shanghai, to ensure smooth transportation and personnel safety.



APPENDIX I: HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Areas and General Disclosures and KPIs			Sections
Environmental			
A1: Emissions	General Disclosure	Information on:(a) the policies; and(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Development for Protection of Lucid Waters and Lush Mountains
	KPI A1.1	The types of emissions and respective emissions data.	Green Development for Protection of Lucid Waters and Lush Mountains-Response to Climate Change -Emission Management
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Development for Protection of Lucid Waters and Lush Mountains -Response to Climate Change
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Development for Protection of Lucid Waters and Lush Mountains -Emission Management
	KPI A1.4	Total non- hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable, all hazardous waste generated is disposed on its own
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Green Development for Protection of Lucid Waters and Lush Mountains -Environmental Management
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Development for Protection of Lucid Waters and Lush Mountains -Emission Management
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Development for Protection of Lucid Waters and Lush Mountains-Response to Climate Change -Use of Resources
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green Development for Protection of Lucid Waters and Lush Mountains -Response to Climate Change
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Development for Protection of Lucid Waters and Lush Mountains-Use of Resources
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Development for Protection of Lucid Waters and Lush Mountains -Response to Climate Change
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Development for Protection of Lucid Waters and Lush Mountains-Use of Resources
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable, the Group does not involve the use of packaging materials for finished products
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	Green Development for Protection of Lucid Waters and Lush Mountains-Use of Resources
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Development for Protection of Lucid Waters and Lush Mountains-Use of Resources
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Green Development for Protection of Lucid Waters and Lush Mountains -Response to Climate Change
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Green Development for Protection of Lucid Waters and Lush Mountains -Response to Climate Change
Social			
B1: Employment	General Disclosure	Information on:(a) the policies; and(b) compliance with relevant laws and regulations that have a significant impact on the issuerrelating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People-oriented Talent Management
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	People-oriented Talent Management -Labour Management
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	People-oriented Talent Management -Communication with and Caring for Employees
B2: Health and Safety	General Disclosure	Information on:(a) the policies; and(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	People-oriented Talent Management -Occupational Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	People-oriented Talent Management -Occupational Health and Safety
	KPI B2.2	Lost days due to work injury.	People-oriented Talent Management -Occupational Health and Safety

	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	People-oriented Talent Management -Occupational Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	People-oriented Talent Management -Talent Development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	People-oriented Talent Management -Talent Development
	KPI B3.2	The average training hours completed per employee by gender and employee category.	People-oriented Talent Management -Talent Development
B4: Labour Standards	General Disclosure	Information on:(a) the policies; and(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	People-oriented Talent Management -Labour Management
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	People-oriented Talent Management -Labour Management
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	People-oriented Talent Management -Labour Management
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Responsible Operation and a Leader in Innovative Development -Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	Responsible Operation and a Leader in Innovative Development -Supply Chain Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Responsible Operation and a Leader in Innovative Development -Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Operation and a Leader in Innovative Development -Supply Chain Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Operation and a Leader in Innovative Development -Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on:(a) the policies; and(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Responsible Operation and a Leader in Innovative Development
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable, the Group does not involve consumer products
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Responsible Operation and a Leader in Innovative Development -Quality Services
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Responsible Operation and a Leader in Innovative Development -Quality Services
	KPI B6.4	Description of quality assurance process and recall procedures.	Responsible Operation and a Leader in Innovative Development-Quality Management. Not involving product recall
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Responsible Operation and a Leader in Innovative Development -Quality Services
B7: Anti-corruption	General Disclosure	Information on:(a) the policies; and(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Stable Governance and Solid Development Cornerstone
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Stable Governance and Solid Development Cornerstone -Corporate Governance
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Stable Governance and Solid Development Cornerstone -Corporate Governance
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Stable Governance and Solid Development Cornerstone -Corporate Governance
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Committed to Public Welfare and Social Responsibility
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Committed to Public Welfare and Social Responsibility
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Committed to Public Welfare and Social Responsibility

APPENDIX II: ESG DATA SUMMARY

Performance Indicator	Unit	2022	
Operating revenue	RMB 100 Million Yuan	17.30	
Total profit	RMB 100 Million Yuan	4.11	
Total industrial hazardous waste treated	10,000 Tonnes	92.16	
General hazardous waste treated	10,000 Tonnes	77.55	
Oil sludge treated	10,000 Tonnes	9.84	
Fly ash treated	10,000 Tonnes	4.77	
Total industrial solid waste treated	10,000 Tonnes	159.36	
ISO 9001:2015 Quality Management System certified coverage of hazardous waste disposal projects	%	56.76	
ISO 14001 Environmental Management System certified coverage	%	56.76	
ISO 45001 Occupational Health and Safety Management System certified coverage	%	56.76	
Hydrogen chloride (HCl) emissions	Tonne	290.97	
Hydrogen fluoride (HF) emissions	Tonne	33.12	
Nitrogen oxide (NO _x) emissions	Tonne	60.99	
Sulfur oxide (SO _x) emissions	Tonne	0.07	
Particulate matter (PM) emissions	Tonne	4.93	
Direct greenhouse gas emissions (Scope I)	Tonne CO _{2e}	51,110.23	
Indirect greenhouse gas emissions (Scope II)	Tonne CO _{2e}	32,844.50	
Total greenhouse gas emissions (Scope I + Scope II)	Tonne CO _{2e}	83,954.73	
Greenhouse gas emissions per revenue	Tonne CO _{2e} /thousand RMB	0.05	
Direct energy consumption	MWh	155,670.68	
Indirect energy consumption	MWh	59,214.20	
Total energy consumption	MWh	214,884.88	
Energy consumption per revenue	MWh/thousand RMB	0.12	
General solid waste generated (recyclable)	Tonne	18,272.43	
General solid waste generated (non-recyclable)	Tonne	159.69	
Total general solid waste generated	Tonne	18,432.43	
General solid waste generated per revenue	Tonne/thousand RMB	0.01	
Tap water consumption	Tonne	112,469.53	
Tap water consumption per revenue	Tonne/thousand RMB	0.07	
Wastewater discharge	Tonne	0	
Total employees	Person	3,686	
By gender	Male	Person	3,126
	Female	Person	560
By employee category	Senior management	Person	131
	Middle management	Person	360
	General management	Person	271
	General staff	Person	2,924
By age group	<30	Person	3,061
	30-50	Person	457
	>50	Person	168
By geographical region	Eastern China	Person	956
	Southern China	Person	557
	Northern China	Person	593
	Central China	Person	171
	Southwestern China	Person	264
	Northwestern China	Person	615
	Northeastern China	Person	530
Employee turnover rate	%	9.4	
By gender	Male	%	10.5
	Female	%	3.1

Performance Indicator		Unit	2022
By age group	<30	%	7.9
	30-50	%	18.8
	>50	%	10.1
By geographical region	Eastern China	%	3.1
	Southern China	%	8.3
	Northern China	%	12.3
	Central China	%	22.3
	Southwestern China	%	26.9
	Northwestern China	%	11.5
	Northeastern China	%	3.0
Work-related fatalities and ratio	2020	Person	0
		‰	0
	2021	Person	0
		‰	0
	2022	Person	0
		‰	0
Number of lost days due to work injury		Day	225
Total number of employees trained		Person	3,686
Total hours of employee training		Hour	15,849.8
Percentage of employees trained		%	100
By gender and	Male	%	84.8
	Female	%	15.2
By employee category	Senior management	%	3.6
	Middle management	%	9.8
	General management	%	7.4
	General staff	%	79.3
Average training hours completed per employee		Hour	4.3
By gender	Male	Hour	4.3
	Female	Hour	4.3
By employee category	Senior management	Hour	4.3
	Middle management	Hour	4.3
	General management	Hour	4.3
	General staff	Hour	4.3
Number of suppliers		Supplier	16,886
By geographical region	Northeastern China	Supplier	416
	Northern China	Supplier	1,340
	Northwestern China	Supplier	1,977
	Southwestern China	Supplier	2,293
	Southern China	Supplier	3,224
	Eastern China	Supplier	7,516
	Hong Kong, Macau and Taiwan	Supplier	48
	Overseas	Supplier	72
Number of products and service related complaints received		Case	0
Customer satisfaction		%	100
Number of legal cases regarding corrupt practices		Case	0
Amount invested in charity		RMB	94,000
Anti-corruption training provided to board members, management and staff		Frequency	54
		Coverage rate	100%

APPENDIX III: CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

We exercise our social responsibilities around the United Nations Sustainable Development Goals (SDGs).

Contribution to SDGs		Section
3		People-oriented Talent Management
4		People-oriented Talent Management
5		People-oriented Talent Management
6		Green Development for Protection of Lucid Waters and Lush Mountains
8		People-oriented Talent Management
9		Responsible Operations And a Leader in Innovative Development
10		People-oriented Talent Management
12		Responsible Operations And a Leader in Innovative Development
13		Green Development for Protection of Lucid Waters and Lush
16		Stable Governance and Solid Development Cornerstone
17		Responsible Operations And a Leader in Innovative Development

587

CHINA CONCH ENVIRONMENT PROTECTION
HOLDINGS LIMITED

2022 ENVIRONMENTAL,
SOCIAL AND GOVERNANCE
(ESG) REPORT