



中國海螺環保控股有限公司 2023年環境、社會及管治（ESG）報告

CHINA CONCH ENVIRONMENT PROTECTION HOLDINGS LIMITED
2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

(於開曼群島註冊成立的有限公司)

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE 股份代號: 587





Contents

- Contents 02
- About this report 03
- Chairman's Speech 04

1	About Conch Environment Company Introduction/Development Overview	05
2	Environmental Responsibility: Protecting the Environment for Sustainable Development Pollutant Prevention and Control/Green Technology Innovation Environmental Management/Water Resource Management/Energy Management	07
3	Operational Responsibility: Operating Excellence, Creating Value Quality Management/Operational Safety/Supply Chain Management Responsible Service	15
4	Employee Responsibility: Join Hands with Employees to Create the Future Rights and Interests of Employees/Training and Development Communication and Caring	21
5	Social Responsibility: Repaying the Society and Taking Responsibility Community Investment/Public Welfare Activities	26
6	Governance Responsibility: Regulating Governance for Solid Development Corporate Governance/ESG Governance	29

APPENDIX

- APPENDIX I: HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE 37
- APPENDIX II: ESG DATA SUMMARY 39
- APPENDIX III: CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS 41

About This Report

Overview

This report is the second independent Environmental, Social and Governance Report published by China Conch Environment Protection Holdings Limited (hereinafter referred to as "the Company"), which gives a true view of the strategies, policies, measures, and achievements of the Company and its subsidiaries (the "Group") in Environmental, Social and Governance Report (the "ESG") in 2023.

Reporting Period

The Reporting Period covers the information and data of the Company from 1 January 2023 to 31 December 2023 (the "Reporting Period").

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 and reading, China Conch Environment Protection Holdings Limited and its subsidiaries also use the terms "Conch Environment", "the Group", or "we" in the report.

Basis of Preparation

This report was prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (the "ESG Reporting Guide") as set out in Appendix C2 of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and in compliance with the reporting principles of "materiality", "quantitative", "balance" and "consistency". This report is also compiled with reference to the 2023 United Nations Sustainable Development Goals (the "SDGs"), based on the Company's current level of development and the actual situation of ESG.

Sources of Information and Assurance of Reliability

The qualitative and quantitative information in this report was derived from the Group's public information, internal documents, and relevant statistical data. 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, cooperation and understanding 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:
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Lists of Company Names and Their Abbreviations

Full Name of the Company	Abbreviation in the Report
Yiyang Conch Environmental Protection Technology Co., Ltd.	Yiyang Conch Environmental Protection
Wuhu Conch Venture Logistics Co., Ltd.	Wuhu Conch Venture Logistics
Suzhou Conch Venture Environmental Protection Technology Co., Ltd.	Suzhou Conch Venture
Tongchuan Conch Environmental Protection Technology Co., Ltd.	Tongchuan Conch Environmental Protection
Chongzuo Haizhong Environmental Protection Technology Co., Ltd.	Chongzuo Haizhong
Wenshan Conch Environmental Protection Technology Co., Ltd.	Wenshan Conch Environmental Protection
Dengfeng Haizhong Environmental Protection Technology Co., Ltd.	Dengfeng Haizhong
Qiyang Conch Venture Environmental Protection Technology Co., Ltd.	Qiyang Conch Venture
Yulin Conch Environmental Protection Technology Co., Ltd.	Yulin Conch Environmental Protection

Confirmation and Approval

This report was confirmed by the management and approved by the Board of Directors on 19 March 2024.

Chairman's Speech

Looking back to 2023, Conch Environment, as a leading enterprise in energy conservation and environmental protection industry, always adhered to the business philosophy of "Lucid waters and lush mountains are valuable assets", remaining true to its original aspiration while steadily moving forward. We were committed to combining coordinated development with balanced governance, continuously focusing on comprehensive and high-quality development, and forging ahead in a pragmatic way.

Improving the governance framework, consolidating responsibility management

Conch Environment continues to standardize its corporate governance structure, improve scientific rules of procedure, strengthen clean and compliant management, and enhance the level and performance of ESG governance, effectively transforming governance advantages into high-quality development, with an aim to establish a new sustainable development model that benefits society.

Deepening scientific and technological innovation, promoting green development

Conch Environment is committed to becoming a practitioner and demonstrator of green transformation and development in the industry. We insist being innovation-driven and technology-led, increasing research and development investment, thereby continuously contributing new solutions to solid waste disposal and comprehensive resource utilization. In addition, the Group actively responds to climate change, continuously improves existing environmental protection technologies, and explores new areas of environmental protection industry, helping to create lucid waters and lush mountains, and contributing its solid strength to achieving the "dual carbon" goals.

Based on excellent operation, providing high-quality services

Conch Environment adheres to the principle of quality first and insists on the scientific and professional production and service philosophy. We implement strict quality management standards throughout the project construction and operation cycle with systematic quality management processes and digital quality management methods, providing comprehensive guarantees for high-quality projects. We are committed to building a sound customer service system, continuously introducing new service models, and providing flexible and diverse solutions based on actual needs of customers, so as to provide customers with higher quality and more efficient services.

Focusing on talent cultivation, assisting for employee development

Conch Environment adheres to the principle of "people-oriented" and regards talents as valuable assets. Upholding an open and inclusive employment philosophy, we are committed to comprehensively enhancing the depth and breadth of talent reserves, and injecting vitality into the development of the Group. We are concerned about employee growth, and have established career development channels and incentive mechanisms to encourage learning and innovation, thereby providing broad space and platform for employee growth and development, and achieving our growth and glory together with employees.

Practicing social responsibility, building a beautiful home together

Relying on a high-quality and efficient service system and rich practical experience, Conch Environment fully integrates business advantages with public welfare undertakings, and insists on sharing of development achievements with society. We actively assist multiple regions in emergency disposal of hazardous waste, carry out environmental protection education and practical activities, and promote environmental protection concepts and green energy through practical actions.

Looking forward, Conch Environment will continue to take green development as the path, honest operation as the cornerstone, high-quality service as the foundation, and technological innovation as the core, continuously explore new areas of environmental protection industry. On the path of promoting sustainable development and green ecological construction, Conch Environment will shoulder its mission, keep on working hard and forge ahead!



About Conch Environment

Conch Environment understands that quality management, operational safety, supply chain management, and responsibility services are the core elements for the stable development of enterprises. We focus on improving project quality and safety, striving for excellence, and ensuring that every step is rigorous and reliable. At the same time, we adhere to customer centricity, technology leadership, and work together with supply chain partners to build a technology innovative enterprise and contribute to the sustainable development of society.

CONCH

1.About Conch Environment

1.1 Company Profile

China Conch Environment Protection Holdings Limited is a large-scale integrated environmental protection enterprise focusing on the field of environmental protection, integrating scientific research and development, design, production, sales and after-sales services. It aims to build 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. While consolidating its core advantages in collaborative disposal of cement kilns, the Company has been promoting the diversified development of environmental protection industries, such as oil sludge disposal, fly ash treatment, and comprehensive utilization of resources. As of 31 December 2023, the Company had successfully put into operation and constructed a total of 82 environmental protection projects in 22 provinces across the country (excluding projects that are pending approval and have not yet been constructed), with a disposal scale of 9,436,300 tonnes per annum and over 3,000 employees.

With the business philosophy of "Lucid waters and lush mountains are valuable assets", the Company insists on being innovation-driven and technology-led, and constantly explores new fields of environmental protection while improving existing environmental technology upgrades, helping to



Project Photo of Conch Environment

create lucid waters and lush mountains and a beautiful home for the future of humankind.

1.2 Development Overview

While consolidating its core advantages in collaborative disposal of solid and hazardous waste in cement kilns, the Group has been actively promoting the diversified development of environmental protection industries, such as fly ash washing, oil sludge disposal, and comprehensive utilization of resources, to continuously consolidate the Group's leading position in the industry. In view of the new opportunities arising from the green and low-carbon transformation of China, the Company proposes to achieve a development scale of 10 million tonnes for hazardous waste projects, 10 million tonnes for sludge projects, 6 million tonnes for fly ash projects, 3 million tonnes for oil sludge projects, and 1 million tonnes for other new industries by 2028, striving to achieving the development goal of "11631". In the future, the Group will closely follow the pace of the national environmental protection policies, speed up the development of projects, enhance corporate management, strengthen production safety, and endeavor to achieve rapid growth in quantity and effective enhancement in quality, so as to forge the Group's position as a leader in the industry. To this end, the Group will focus on the following areas:

Future Development Plan of Conch Environment

<p>General hazardous waste</p>	<p>The Group will accelerate the pace of medical waste disposal projects on the basis of consolidating its leading position in collaborative disposal of solid and hazardous waste in cement kilns business, while conducting reserve project research and investment demonstration</p>
<p>Solid waste disposal</p>	<p>The Group will actively liaise with the competent government departments to clarify the implementation plan and settlement method of the reserve projects to safeguard the investment returns of the projects</p>
<p>Fly ash disposal</p>	<p>In accordance with the principle of giving priority to the development of economically developed areas, the Group will leverage the advantages of the relevant co-operation platforms and actively set up projects in densely populated peripheral areas</p>
<p>Comprehensive utilization of resources and other businesses</p>	<p>The Group will continue to expand the width and breadth of its business, seize alternative fuel project layout in areas where cement kilns are relatively concentrated, and continue to carry out research and development on waste salt and waste acid and organic solvents projects in order to accelerate their implementation</p>

Environmental Responsibility: Protecting the Environment for Sustainable Development



With the core idea of "Lucid waters and lush mountains are valuable assets", Conch Environment enhances the environmental management in the production and operation process, insists on being innovation-driven and technology-led, and continuously contributes new solutions for solid waste disposal and recycling. In addition, the Company constantly explores new fields of environmental protection while improving existing environmental technology upgrades, helping to create lucid waters and lush mountains and a beautiful home for the future of humankind.

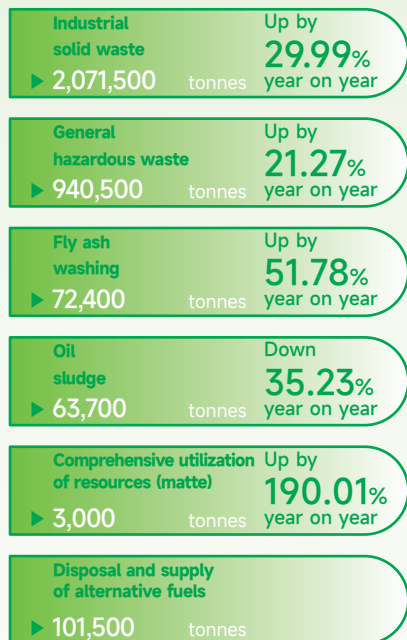
2.Environmental Responsibility

2.1 Pollutant Prevention and Control

Conch Environment not only ensures that the pollutants generated from its own operations are treated and discharged in a compliant manner, but also continues to develop waste disposal and recycling technologies to shoulder its corporate responsibility and help various industries with their solid waste disposal problems.

2.1.1 Green Operation

Conch Environment is mainly engaged in five major business segments, namely general hazardous waste disposal, industrial solid waste disposal, fly ash washing, oil sludge disposal and comprehensive utilization of resources. Up to now, the Group has put into operation and constructed a total of 82 environmental projects in 22 provinces, municipalities and autonomous regions across the country, of which 41 are general hazardous waste projects, 7 are oil sludge disposal projects, 5 are fly ash washing projects, 25 are industrial solid waste projects and 4 are comprehensive utilization of resources projects, with a disposal scale of approximately 9,436,300 tonnes per annum (excluding projects that are pending approval and have not yet been constructed). Disposal and comprehensive utilization of resources in 2023 are as follows:



(I) Industrial Hazardous Waste Disposal Services

General hazardous waste disposal

The Company has advanced integration utilization technique of collaborative disposal of solid and hazardous waste in cement kilns with high combustion temperature that can degrade dioxine fully, achieving waste disposal thoroughly, no ash emissions, no odour dispersion, synchronous treatment of sewage and efficient solidification of

heavy metals. With this technique, the Company has achieved a truly treatment of reduction, recycling and harmlessness, thoroughly solving the secondary pollution, which is the currently economic, thorough, environmentally friendly way of disposal.

Fly ash disposal

Conch Environment focuses on the development of collaborative disposal of fly ash in cement kiln business. The sequencing batch fly ash counter-current internal circulation water washing and high quality water purification intelligent control technology developed by us inherit the traditional process to recover by-product salts after water purification of water washing liquid and reuse all condensate water, achieving 100% utilization of resources, while at the same time solving serious problems such as failure in stable control of chlorine ions, large integrated water-ash ratio of the system.

Oil sludge disposal

By summarizing, absorbing and understanding the common disposal methods of oily sludge and technology comparison, the Company currently adopts a combined disposal technologies for different oil sludge and wastes in various oil sludge. We adopt comprehensive treatment technologies such as pre-treatment, thermal washing, pyrolysis desorption, sewage disposal on standard and collaborative disposal of residue in cement kilns.

(II) Industrial solid waste disposal services

Sludge disposal is a key industrial solid waste disposal business of Conch Environment. We are committed to improve our sludge disposal by constantly refining our sludge drying process. The sludge drying process is to reduce and recycle sludge through mechanical dehydration and energy drying. After drying, sludge

will generate some calorific value and can be used to replace some fuels, which provides an effective measure for carbon reduction while addressing the sludge disposal difficulty.

(III) Comprehensive resource utilization

The raw materials of the alternative fuel project, an important part of the downstream industry of circular economy, mainly come from waste textile, waste plastic, waste paper and other combustible solid waste. The alternative fuel industry has driven the development of domestic waste and industrial solid waste sorting technology, which can effectively reduce white pollution, further contribute to the development of the zero-waste city, and truly utilize solid waste in a recyclable and harmless manner.

2.1.2 Exhaust Gas Emission Management

Conch Environment strictly complies with the *Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution*, the *Regulations on the Administration of Pollutant Discharge Permits*, the *Standard for Pollution Control on Co-processing of Solid Wastes in Cement Kiln*, the *Integrated Emission Standard of Air Pollutants*, and other related laws and regulations, and has formulated pollutant emission management systems to ensure that exhaust gas generated in the production is disposed and discharged in compliance with laws and regulations. The subsidiaries of Conch Environment determine the pollutant emission standards according to industry standards and environmental assessment reports, and carry out self-monitoring. When co-processing solid hazardous waste using cement kilns, cement can solidify most of the heavy metals and dioxins contained in waste.

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

Exhaust gas	Unit	2023
Hydrogen chloride (HCl) emissions	Tonne	332.65
Hydrogen fluoride (HF) emissions	Tonne	31.31
Air pollutants ¹	Unit	2023
Nitrogen oxide (NO _x) emissions	Tonne	67.19
Sulphur oxide (SO _x) emissions	Tonne	0.06
Particulate matter (PM) emissions	Tonne	5.04

¹ 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.

2.Environmental Responsibility

2.1.3 Waste Emission Management

Conch Environment strictly complies with laws and regulations such as *the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*, *the National Catalogue of Hazardous Wastes (2021 Revision)*, and the *Identification Standard for Solid Waste (GB34330)*, and optimizes the management of waste generated in its production and operation every year according to the latest national requirements. According to the latest national policies, i.e. *Technical Specification for Setting Identification Signs of Hazardous Waste* and *the Standard for Pollution Control on Hazardous Waste Storage* implemented on July 1, 2023, the Company has updated hazardous waste labels and marked each community with temporary hazardous waste storage by zoning. We also improved our environmental protection measures in accordance with the new requirements for hazardous waste storage.

We co-processed solid waste through cement kiln. When the solid hazardous waste stays at 1,300°C for a long time in cement kiln, all organic matter will be basically decomposed. Other components can also replace some cement raw materials to achieve resource recycling. During the Reporting Period, all the waste generated by us was recycled without any additional waste discharge. Set out below is the general solid waste generation data:

General solid waste		Unit	2023
General solid waste generated (recyclable)		Tonne	16,997.35
General solid waste generated (non-recyclable)		Tonne	/
Total general solid waste generated		Tonne	16,997.35
General solid waste generated per revenue		Tonne/thousand RMB	0.01
Hazardous waste		Unit	2023
Total hazardous waste generated		Tonne	/
Hazardous waste generated per revenue		Tonne/thousand RMB	/

Note: General solid waste generated (recyclable) was mainly pyrolysis tailing, and pyrolysis tailing was not recognized as hazardous waste after identification; the project companies could dispose of waste activated carbon and waste liquid from a laboratory on their own.

2.2 Green Technology Innovation

Driven by technology, Conch Environment continuously makes a breakthrough in solid waste disposal technology and optimizes its product process. In addition, while working on research and development and team building, the Company also engages in communication and cooperation to promote the industry development.

2.2.1 Research and Development in Innovative Technologies

In line with national development trend and under the guidance of policies, Conch Environment fully leverages its advantage in cement kiln and intensifies its efforts in project research. During the Reporting Period, our research and development investment amounted to RMB32.7893 million, which was used to enhance the technology of existing environmental protection business and explore more possibilities for the development of comprehensive utilization of waste resources.

Research on fly ash water washing technology

The promoted fly ash water washing co-processing technology with cement kiln faced some problems such as staggered shutdown of cement kilns and inability to promote in areas without cement kilns. Targeting these pain points, Conch Environment has actively explored solutions. Conch Environment Research Institute and Xi'an University of Architecture and Technology have conducted joint experiments and made some experimental studies in the dry distillation project in Wuhu, aiming to expand the use of pre-treated fly ash through water washing, heating and hydrolysis as well as water washing and sintering, and develop a set of technical solutions for the resourceful utilization of fly ash, thus solving the aforesaid problems.

Non-kiln disposal technology of fly ash collaborated with Xi'an University of Architecture and Technology

In 2022-2023, Conch Environment, collaborated with Xi'an University of Architecture and Technology, carried out a feasibility research on the recycling of fly ash from municipal solid waste incineration in cement production, to study and discuss the physical and chemical indicators of fly ash from domestic waste incineration after high-temperature treatment, performance improvement proposals and the feasibility analysis on resourceful utilization of high-temperature treatment residue. During the Reporting Period, the research project had been completed. Focusing on



Scene of discussion on project acceptance

the determined direction of technological development, Conch Environment has completed the procurement, installation and com-



Experimental equipment

missioning of equipment, and is actively carrying out experiments.

2.Environmental Responsibility

Technology research on the high value-added alternative fuel

In order to expand the range of raw materials of alternative fuel, in 2023, Conch Environment carried out a special research project on the development and engineering application of the technology of high value-added alternative fuel. The Group mainly researched and analyzed the recycling and disposal of wastes, such as agricultural and forestry biomass, waste rubber products and waste textiles, while formulated corresponding technical plans and carried out theoretical accounting. As of the end of the Reporting Period, we filed two patents, and two of which had been accepted.

Technology research on the high value-added alternative fuel

Conch Environment upholds the environmental protection concept of laying equal stress on harmlessness and recycling, and actively promotes the research and implementation of alternative fuel projects. During the Reporting Period, two alternative fuel processing projects in Qingyuan, Guangdong and Baima, Wuhu completed construction and commenced operation, and the renovation of ten alternative fuel addition facilities in Wuhu, Suzhou, Chaohu, etc. was also completed, with a total of 108,000 tonnes of alternative fuel added. Calculated by heating value, approximately 62,000 tonnes of standard coal were saved for cement enterprises, and approximately 157,000 tonnes of CO₂ emissions were reduced.



Qingyuan alternative fuel project

Research on the resourceful utilization and disposal of industrial salt

Conch Environment continuously deepens the research on the resourceful utilization and disposal of industrial waste salt. It has adopted advanced technologies and equipment to conduct harmless disposal instead of traditional landfill, so as to conserve land resources and reduce environmental risks. Based on the difference in composition, moisture content and impurity content of industrial waste salt, we conduct harmless disposal of waste salt for resourceful utilization, and produce standard recycled salt products for downstream enterprises for resourceful utilization. During the Reporting Period, a phased research report was completed, and two patent applications were submitted according to the achievements.

The project of the pyrolysis of industrial waste salt (pilot stage)

Sodium-based waste salt accounts for more than 80% or so of the total waste salt. Currently, most of the large-scale waste salt recycling projects in China focus on the disposal of sodium-based waste salt. Therefore, in June 2023, we carried out continuous pyrolysis experiments for sodium-based waste salt and tested and analyzed the raw materials and products of the experiments to explore the optimal experiment conditions.



Research on the disposal of aluminum ash

Aluminum ash is an important solid waste in aluminum industry, among which, the direct disposal of secondary aluminum ash is difficult due to its relatively complex composition. Capitalizing on the high temperature and alkaline environment of Conch Environment's cement kilns, the harmful substances are completely oxidized and the fluoride ions are solidified by calcium oxide without flammable and explosive gas, thereby achieving the purpose of harmless disposal of aluminum ash. The alumina in the secondary aluminum ash can also be used as the aluminum corrective material of cement clinker. During the Reporting Period, after relevant research work, we completed the periodic summary of aluminum ash resourceful utilization.

The project of collaborative disposal of secondary aluminum ash in cement kilns

By striving to make technological breakthroughs and continuous demonstration of the plan, Conch Environment has achieved good results in the trial collaborative disposal of secondary aluminum ash in cement kilns of its projects in Shaoguan. The daily treatment capacity reaches more than 100 tonnes. The harmful ingredient in aluminum ash can be effectively eliminated through the high-temperature calcination in cement kilns. The Company will continue to improve the process and plan of aluminum ash disposal and promote the implementation.



2.2.2 Management of R&D Results

Conch Environment has newly revised the Interim Measures for *the Management of Technology Research and Development of Conch Environment*, which improved the management process of R&D to encourage subsidiaries to participate in and advance R&D. Meanwhile, we have added incentive policies to reward the achievements such as publishing papers and applying for patents in the process of R&D, thus kindling employees' innovation enthusiasm and promoting research outcomes.

The protection of intellectual property is an important part of our R&D innovation and is highly valued. We have developed the Interim Measures for *the Management of Intellectual Property Rights of Conch Environment* in compliance with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and the *Anti-Unfair Competition Law of the People's Republic of China*. We have also established a complete intellectual property management system to safeguard the legitimate rights and interests of the Company. During the Reporting Period, the Group applied for a total of 26 patents, with 15 patents granted, including 3 patents for invention and 12 patents for utility model.

Process of intellectual property protection

Preliminary search and analysis

In-depth search and comparison

Risk evaluation

Decision and response

Application and maintenance

2.Environmental Responsibility

During the Reporting Period, Conch Environment participated in the formulation of a total of 6 relevant national and industry standards, including 2 national standards, 2 industry standards and 2 group standards. These standards cover Conch Environment's principal business of collaborative disposal of solid and hazardous waste and fly ashes in cement kilns and preparation of alternative fuel.

Through industry exchanges and sharing, Conch Environment continuously improves its power and influence in the field, and promotes enterprises to establish stable cooperative relations in the industry. Meanwhile, Conch Environment helps the industry peers to better understand the development trend and market demand of the industry, so as to facilitate industry upgrading and technological innovation.

2023 International Environmental Expo

Conch Environment went to Hong Kong of the PRC to participate in the 2023 International Environmental Protection Expo, at which the leaders introduced in detail the leading technologies of Conch Environment in many industries such as solid and hazardous waste disposal, comprehensive utilization of fly ash, urban domestic sludge, and alternative fuels. After the meeting, the Company's representatives conducted on-site academic exchanges with representatives from various sectors in the ecological and environmental protection industry, and further introduced the latest achievements of Conch Environment in the fields of industrial solid and hazardous waste disposal, polluted soil disposal, comprehensive utilization of fly ash from waste-to-energy plants, urban domestic sludge disposal, alternative fuel application and other process technology fields, so as to improve the Company's influence in the field of environmental protection industry.



The scene of the 2023 International Environmental Expo

Special training and exchange meeting on comprehensive utilization and harmless disposal of aluminum ash

In response to the harmless disposal and resourceful utilization of solid and hazardous waste under the backdrop of national "carbon peaking and neutrality", Conch Environment solved the problem of utilization, disposal and management of aluminum ash in the hazardous waste industry, thereby promoting enterprises to break down relevant technical barriers. Conch Environment went to Wenshan City, Yunnan Province to participate in the special training and exchange meeting on comprehensive utilization and harmless disposal of aluminum ash. During the meeting, the Company conducted in-depth communication and technical exchanges with professors from the Chinese Research Academy of Environmental Sciences, Chinalco Zhengzhou Nonferrous Metals Research Institute and various universities on the harmless disposal of secondary aluminum ash. Conch Environment also went to Wenshan Aluminum to inspect the technology of two-stage disposal of aluminum ash. After the meeting, Conch Environment deepened its understanding of the secondary aluminum ash disposal industry and completed the relevant phased technical reports.



The scene of the special training and exchange meeting

2.3 Environmental Management

Conch Environment pays attention to its own environmental governance, builds a sound environmental management system, and reduces the impact of its production and operation on the environment. As an environmental enterprise, we have always contributed to the global response to climate change and the construction of green industry ecology from the perspective of our own environmental management.

2.3.1 Development of environmental system

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*, and the *Law of the People's Republic of China on the Promotion of Clean Production*, Conch Environment optimizes its internal environmental management system and regulations, establishes a sound environmental management system, and implements the environmental protection responsibility system. In 2023, 6 new project companies have completed the ISO 14001 Environmental Management System certification as compared with 2022, and a total of 27 project companies have completed the system certification, representing a coverage of 71.05% (the calculation only covers hazardous waste disposal projects). During the Reporting Period, Conch Environment had no environmental violation.

In addition, we attach great importance to the impact of our own operations on the environment, and set corporate environmental goals to strengthen supervision and management.

Environmental Targets of Conch Environment

GHG emission reduction target

Conch Environment will continue to promote alternative fuel projects, strengthen the resourceful utilization of solid waste and hazardous waste, and actively respond to the carbon peaking and neutrality goals.

Water efficiency target

Conch Environment 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 Environment 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 Environment 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.



2.Environmental Responsibility

2.3.2 Response to climate change

As the increasing climate change is widely concerned, regulators are also putting forward requirements for the climate issues faced by various industries. In light of disclosure recommendations from the TCFD (Task Force on Climate-related Financial Disclosures), Conch Environment has identified the impact of extreme risks and transitional risks on the company based on best industry practices, climate conditions in the places where it operates and national policies, and formulated response plans. We continued to improve our ability to respond to climate risks through technological innovation in energy conservation and environmental protection.

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 considers the flood water level during the site selection of the project, and considers the impact of extreme weather in the architectural design to improve the own defense capability of the buildings. In addition, Conch Environment has formulated an emergency plan, continuously optimized the risk management process for extreme weather, and carried out emergency drills on a regular basis.
		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 developing and optimizing the evaporative flushing water process, improving the process of washing feed pipe and sewage pipe flushing water and other measures to reduce 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 regularly evaluates the operation and strengthens the construction of relevant risk protection infrastructure; 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> 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 disposes of hazardous wastes with calorific value, makes full use of calorific value to reduce energy consumption in cement production. Meanwhile, Conch Environment introduces alternative fuel projects to further replace the use of coal. In response to the national requirements of energy conservation and emission reduction, Conch Environment cooperates with cement plants to implement targets of reducing greenhouse gas emission. Conch Environment also continuously promotes green production and operation by improving operational efficiency, managing unnecessary energy consumption and waste in production and operation, so as to reduce energy consumption and greenhouse gas emissions.
	Technical risk	R&D cost of low-carbon technologies	Under the national “dual carbon” 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.	In line with the national policies, Conch Environment incorporates research on energy-saving and technological transformation of process into its R&D strategy, and actively explores clean technology opportunities such as harmless waste and resource treatment.

2.Environmental Responsibility

2.4 Water Resource Management

Conch Environment strictly complies with laws and regulations such as *the Water Law of the People's Republic of China*, and *the Law of the People's Republic of China on Water Pollution Prevention and Control*, actively responds to national environmental policies, and attaches great importance to the cultivation of water-saving awareness and the implementation of measures. During the Reporting Period, we optimized the fly ash washing process through a series of measures, mainly including optimizing the process of evaporation rinsing water, water washing of incoming pipes and discharge pipes, chemical dissolution water process, and ton-bag ash disposal process, which has significantly reduced water consumption. During the Reporting Period, domestic sewage was used in greening after treatment up to

Fly ash washing technical improvement and optimization project of Conch Environment

In 2023, the Company carried out technological improvements and optimizations for the fly ash washing project in Wuhu. Through the use of evaporated rinsing water from the evaporation supply tank, the water quality remained stable and reliable without affecting evaporation. Additionally, all water used for rinsing the incoming pipes and discharge pipes came from emergency water treatment, which not only prevented the waste of chemicals but also saved water.



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:

Water consumption	Unit	2023
Water consumption	Tonne	263,030.71
Reused water consumption	Tonne	244,246.11
Water consumption per revenue	Tonne/thousand RMB	0.14

2.5 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*, Conch Environment continues to optimize its internal energy management mechanism. During the Reporting Period, the Company has formulated and implemented *the Comprehensive Production and Operation Plan for 2023*, which clarifies the consumption indicators of each production unit and issues monthly special assessment notifications, so as to strengthen energy management.

Furthermore, Conch Environment has developed various energy-saving and emission reduction plans. The Company continuously optimizes production management and explores efficient measures for energy conservation and emission reduction from multiple aspects.

Major Energy-saving Measures of Conch Environment	Disposal Volume Enhancement	Optimize blending management by fully utilizing the indicators of clinker production to reduce energy consumption indicators through increased volume
	Efficiency Enhancement	Summarize production experience comprehensively and promote technological improvements. Reduce electricity consumption by enhancing operational efficiency
	Energy Management Enhancement	Start with details such as eliminating "unbroken lights" and reduce unnecessary energy consumption losses by strengthening production management details

Conch Environment continuously optimizes the disposal process of solid and hazardous waste by studying parameters such as optimal temperature and material configuration. This enhances operational efficiency and reduces energy consumption. During the Reporting Period, Conch Environment developed highly adaptable terrace furnaces based on the adaptability of different types of terrace furnaces. Conch Environment also extensively optimized the supporting equipment for cement kilns to reduce overall power consumption.

Dual slag discharge technology improvement project of conch environment

In early 2023, we implemented a dual slag discharge technology upgrade at Qiyang Plant. By controlling the calorific value of different solid and hazardous waste injection points in the slag system, we increased the relative operation rate of the slag system by 10.95% compared to the previous year.



2.Environmental Responsibility

During the Reporting Period, direct energy consumption of the Conch Environment mainly included natural gas, activated carbon, 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	2023
Direct energy consumption		MWh	102,045.45
Indirect energy consumption		MWh	116,882.91
Total energy consumption ²		MWh	218,928.36
Energy consumption per revenue		MWh/thousand RMB	0.12
Greenhouse gas emissions		Unit	2023
Scope 1 greenhouse gas emissions ³		Tonne CO ₂ e	28,101.42
Scope 2 greenhouse gas emissions ⁴		Tonne CO ₂ e	65,578.56
Total greenhouse gas emissions		Tonne CO ₂ e	93,679.98
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)*, etc.

³ The calculation of Scope 1 greenhouse gas emissions was based on the *Greenhouse Gas Protocol (GHG Protocol)* 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* 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)* 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.

Operational Responsibility: Operating Excellence, Creating Value



Conch Environment knows that quality management, operation safety, supply chain management and responsibility service are the core elements of the steady development of enterprises. We pay attention to improving the quality and safety of the project, excellence, to ensure that every link is rigorous and reliable. At the same time, we adhere to the customer-centered, technology as the lead, and together with supply chain partners, committed to building a scientific and technological innovative enterprise, to contribute to the sustainable development of the society.



3.Operational Responsibility

3.1 Quality Management

Conch Environment adheres to the principle of quality first and insists on the scientific and professional production and service philosophy. We implement strict quality management standards throughout the project construction and operation cycle through systematic quality management processes and digital quality management methods, providing comprehensive guarantees for high-quality projects.

3.1.1 Quality Management System

Conch Environment adheres to the principle of "quality first", constantly optimize quality management with scientific and professional production and service philosophy, and implements strict quality management standards throughout the life cycle of the project operation. The Group has formulated the *Access Management System for Collaborative Disposal* and the *Temporary Storage Management System for Hazardous Waste* to ensure the safety and environmental protection of the whole process from access, production, storage to disposal, as well as the quality control of collaborative kiln products after disposal.

To strengthen regulation on the quality of our production and operation, Conch Environment set up the access management department and quality groups in each region during the Reporting Period. Besides, each subsidiary set up a quality management department according to their production, and further strengthened the management of quality-related matters such as material access management, compatibility management, and quality management.

Conch Environment obtained ISO 9001:2015 quality management system certification in 2021, and passed the second annual review in 2023, providing a more scientific, standardized and solid system protection for quality management.



ISO 9001:2015 Quality Management System Certification

3.1.2 Whole-Process Quality Control Material Access Control

Conch Environment strictly controls project operation and production quality through systematic quality management process. The *Access Management System for Collaborative Disposal* formulated by us stipulates the three-level material access management, maximizing the access rate of hazardous waste on the premise of ensuring safe disposal.

Three-Level Material Access Process

Contract Access ▼

To control the front-end risks, the waste that does not meet the disposal conditions and exposes to uncontrollable risks will be rejected at the front-end, and the process control levels of the admitted solid hazardous waste will be divided from the aspect of disposal risks, and relevant requirements will be put forward to ensure that the risks of the admitted waste will be controlled in the process of transportation and disposal

Scheduling Access ▼

Carry out process control according to the safety, environmental and quality requirements for production, storage and disposal, to ensure the compliance of incoming materials

Production Access ▼

Get all kinds of waste reasonably compatible based on waste characteristics, inventory, disposal system and cement kiln operation, to maximize the disposal of waste

Process Quality Control

Based on the quality of raw burning materials, product quality and its own production process characteristics of the collaborative kiln, the Group has formulated internal control management indicators with reference to the *Access Management System for Collaborative Disposal* and national standards HJ662 and GB/T30760, strictly controlling the safety of entering the kiln and the stable quality of the clinker out of the kiln.

Measures for Process Quality Control

Formulate the control plan for harmful ingredients of the materials entering the kiln, to control such harmful ingredients and ensure the stable quality of the clinker out of kiln.

The laboratory personnel of the Company take samples and test the materials in the hazardous waste pit every day, to ensure that the harmful ingredients of the materials in the pit meet the requirements of entering the kiln, and make timely adjustments if necessary.

The harmful chemical ingredients of raw material and clinker are tested every day, the heavy metal content of clinker is self-tested every week, and the clinker samples are sent to qualified units for leachable heavy metals detection every quarter to ensure the quality of clinker is controlled.

According to the analysis frequency of raw materials in the cement plant, the subsidiaries' laboratory arranges special personnel to contact the laboratory analysis group of the cement plant. For the raw materials used in the raw material battering, the laboratory takes samples in time after the cement plant makes samples, and makes labels, mainly including limestone, clay, sandstone, copper slag and other raw materials used in the raw material battering, as well as coal powder samples entering the kiln. Combined samples will be tested on a quarterly basis.

The laboratory should formulate the access content table according to the background value of cement clinker, and control it from the source to ensure the controllable quality in the disposal process.

3.Operational Responsibility

Project Quality Control

The premise for the stable production of Conch Environment is to ensure the stability of project quality. Therefore, Conch Environment also attaches great importance to the quality management of projects. We have formulated and continuously update the *Compilation of Construction Project Management System and Standardized Management Materials* to provide professional guidance for the maintenance and management of new, acquired and completed projects.

The project management system of Conch Environment clearly stipulates the design and construction management standards for sub-projects on the main structure, building appearance, doors, windows and steel railings, roof, and anti-corrosion and anti-seepage. We require the management personnel of the project company to strictly comply with the standards in terms of material entry, stacking, acceptance, construction process, concealed work acceptance and other aspects, and to record the inspection content and key points, so as to ensure that the project quality meets standards at one time.

In 2023, Conch Environment conducted project-specific inspections, including structural safety inspection, mid-term inspection of projects under construction, and inspection of economic data. To maintain strict quality control, we understood construction units of new projects to reduce the error rate from the source and avoid unnecessary rework; we completed the drawing review in advance, contacted the design institute in time for the unreasonable part of the design, and optimized it; we completed the acceptance of materials and equipment by checking the brand, material, specification and other parameters one by one according to the contract requirements to ensure that the materials meet the design requirements, strengthened the storage and protection of materials and equipment, and reduced their damage rate in the process; we strengthened supervision on each link in the construction process with a focus on the concealed work acceptance. Each process must be implemented in strict accordance with the standard, and the supervisor and the owner's professional staff shall supervise and properly take acceptance records of the construction to ensure the compliance of the construction quality with the requirements at one time. In the final stage of the project, we conducted single-machine test run and debugging together with the personnel designated by the plant, completed the rectification of the remaining problems in the internal acceptance before the trial production, and made preparations for the completion acceptance.

3.1.3 Quality Culture Development

To deepen employees' recognition of the importance of quality and improve its overall quality standard, Conch Environment has carried out a number of quality culture activities. Such quality culture development can help employees master advanced quality management methods and tools, allow employees and enterprises to share same pursuit and persistence of quality, and enhance employees' quality awareness and responsibility, thus laying a solid foundation for our sustainable development.

Conch Environment production quality technology conference was held successfully

In 2023, Conch Environment held the Production Quality Technology Conference with all professional and technical personnel in production, quality, safety and environmental protection attended. At the conference, we mainly introduced the experience of driving automation, shared the experience of material access and on-site cleaning management, and carried out technical discussions and training on the sequencing batch decalcification process of fly ash, and the control method for harmful ingredients at the feeding point of hazardous waste arising from raw material grinding and solidification.



Yiyang Conch Environmental Protection fully launched the "quality month" activity

During the National "Quality Month" in 2023, Yiyang Conch Environmental Protection organized a series of activities with the theme of "Enhancing Quality Awareness and Promoting High-Quality Development", which further enhanced the quality awareness of all our employees and improved our quality management capability. This activity is divided into three stages: mobilization and deployment, organization and implementation, summary and improvement. The main activities include quality training and learning, typical quality case analysis, special inspection on quality, quality skills competition, quality knowledge competition, observation, exchange and learning, etc.

Tackle Difficult Problems and Prevent Risk ▼

We organized the activity team members to inspect the production, inspection and sales process as well as the documentation and production site, further standardized the daily quality management and operation, and ensured the effective operation of our quality system. Each department carried out self-examination and self-correction activities, focusing on the inspection of its own quality management-related processes and equipment operation to prevent all kinds of quality risks and strengthen quality management.

Quality Skills Competition ▼

The test competition adopted blind sample assessment, focusing on the assessment of the content of chlorine in the sample. According to the requirements of the scoring rules, the judges comprehensively evaluated and scored the preparation of experimental supplies, operation specifications, experimental process compliance, data processing, accuracy of results and other aspects.

Identify Gaps and Strengthen Internal Capability ▼

During the activity, the Company organized employees to identify their gaps with relevant personnel from Qiyang and Linxiang companies in the region on quality management, product process quality control, production operation control, equipment management, and on-site management.



3.Operational Responsibility

3.2 Operational Safety

The Group 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*, and *the Measures for the Administration of Contingency Plans for Work Safety Accidents*, in order to further promote the management of production safety and strengthen production safety.

3.2.1 Operational Safety and Security

Upholding the work safety policy of "safety first, prevention foremost, comprehensive management" and closely focusing on the overall goal of safety management for 2023, the Group implements a "normalized" management mechanism that promotes production safety by implementing a production safety responsibility system, improving production safety regulations and systems in all aspects and strengthening the foundation of safety management. During the Reporting Period, we formulated or amended *the Management System for Classification and Approval of Dangerous Operations (Revision)*, *Work Safety Accountability System (Second revision)*, *Guidelines for Management of the "Three Violations"*, *Production Accident Management Measures* and other management measures to ensure the safety of our employees.

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 arrange safety and environmental management, and implementing review and assessment of targets and indicators to form a closed-loop management.

Under the guidance of our safety management structure, during the Reporting Period, we adopted comprehensive safety prevention measures and incident management measures to provide a strong support for the stable and efficient operation of our projects.

The Use and Management of Safety Alert System

In order to maximize the function of the safety alert system, the safety monitoring and alert system has been installed and used in 30 companies currently. The Safety Production and Environmental Protection Department conducted inspections of the safety alert system on a regular and random basis, issued 9 inspection notices throughout the year, identified and addressed a total of 125 issues and followed up on the inspection and verification to form a closed-loop management. It also assessed 53 relevant personnel and urged various project companies to standardize the use of the alert system, with a view to maximizing the benefits of the alert system and promoting the management and control of key safety risk factors on site.

Potential Hazard Detection and Rectification

We organized mid-year inspections of project companies and identified a total of 676 safety and environmental issues, and promoted the improvement of basic management of project companies through the vertical inspection model.

Safety Prevention Measures on Sit

Visitors will be informed of safety issues and sign a safety notification letter. They will be required to wear helmets, reflective undershirts and other protective equipments. A safe route will be drawn up for the visit, and a dedicated person will be assigned to accompany the visit. Laborers and accident units: we will sign a safety agreement with relevant units and conduct safety training and safety notification for on-site personnel. The personnel passing the examination may be allowed to enter the site; relevant units will be required to purchase adequate insurance for the staff entering the site; Conch Environment's internal approval workflow is carried out for related operations and electricity consumption, and the relevant parties are incorporated into Conch Environment's daily management.

Incident Management Requirements

In accordance with national laws and regulations and safety management requirements, we have formulated *the Work Safety Accountability System*, *Management Measures for the Reporting and Investigation of Work Safety Accidents*, *Emergency Management System* and other systems, which regulate the reporting, investigation and handling of accidents when occurred.

3.2.2 Occupational Health and Safety

Conch Environment always puts employees' health and safety in the first place in business activities. Strictly complying with laws and regulations like the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, we prevent factors that may cause occupational hazards in the course of work to provide a comfortable and healthy working environment for employees.

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 achieved and effectively carried out. Meanwhile, 27 subsidiaries of Conch Environment have passed the ISO 45001 Occupational Health and Safety Management System certification, with a coverage rate of 71.05% (the calculation only covered hazardous waste disposal projects).

Safety Targets and System Certification of Conch Environment

General safety targets for 2023

- 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 0
- Work-related injury rate per thousand employees ≤ 2



Occupational health protection measures of conch environment

Health checkup

Regular health checkups and timely adjustment of positions when occupational contraindications are detected, to ensure that employees' occupational health management is under control

Risk identification

Test occupational hazards every year and update occupational hazards warning signs

Risk Control

Regular occupational health inspections to form monthly inspection reports; timely completion of potential hazards investigation and rectification and formation of records to effectively control occupational hazards

Protective supplies

Regularly update protection supplies according to needs



3.Operational Responsibility

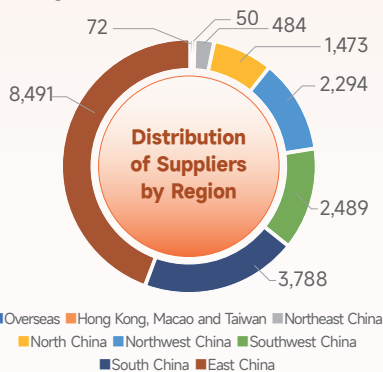
Protecting employees' health and creating a harmonious enterprise - publicity week activity for the law on the prevention and control of occupational diseases in 2023 organized by wuhu conch venture logistics

In order to popularize and promote the knowledge of the *Law on the Prevention and Control of Occupational Diseases*, improve employees' understanding of the basic knowledge about occupational diseases prevention and control and fundamentally protect the occupational health rights and interests of employees, Wuhu Conch Venture Logistics organized and carried out the publicity week activity for the Law on the Prevention and Control of Occupational Diseases in 2023 during the period from 25 April to 1 May 2023. The publicity activity enabled employees to understand the hazardous factors of occupational diseases and occupational health hazards that may exist in the work process and also provided a sufficient theoretical guidance for employees' occupational disease prevention through targeted education and training, achieving excellent promotion and publicity of science and laying a solid foundation for the safe, stable and healthy development of the Company.

3.3 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* and the *Implementation Regulations of the Tendering and Bidding Law of the People's Republic of China*, to regulate the tendering activities of the Company's engineering construction projects. In conjunction with the actual situation of the Company, we have established and issued the *Regulations of Conch Environment on Tendering Management of Engineering Construction Projects* and the *Regulations of Conch Environment on Tendering Management of Engineering Construction Projects Equipment* to clarify the management responsibilities of each professional department during the tendering activities and to ensure the smooth implementation of the Company's engineering construction projects.

During the Reporting Period, Conch Environment had a total of 19,141 suppliers, with the following distribution:



Supplier Access

In the process of supplier admission, Conch Environment establishes a clear threshold for identifying the supplier qualification and performance. The Audit Department of the Company conducts pre-qualification to verify the suppliers' corporate qualifications, business licenses, and personnel information, while the Financial Department reviews the suppliers' records of defaults and legal disputes. At the same time, it also signs the *Agreement on Safe Production Management of Construction Works* and the *Commitment for Civilized On-site Construction* with the contractors and carries out the on-site management in accordance

with the national standards and contractual terms and conditions, ensuring that we can cooperate with quality suppliers.

Conch Environment is committed to eliminating all forms of commercial bribery and other misconduct. We require suppliers to sign *Integrity Agreements*, and during the Reporting Period, all suppliers signed Integrity Agreements. In addition, we also sign *Production Safety Agreements* with our suppliers to ensure that production is conducted in a safe and orderly manner, and the coverage rate of suppliers signing the agreement was 100%.

Supplier Management

Conch Environment will evaluate and score the suppliers in the qualified supplier pool once a year. A comprehensive evaluation is conducted mainly in terms of equipment supply on time, product quality, service quality, product price, drawing quality and other dimensions. Based on the results of the comprehensive evaluation, unqualified suppliers (with a comprehensive score of less than 60 points, or any single score of 0 points, or with major quality problems) will be screened out and eliminated. For suppliers with comprehensive scores between 60 and 70, we will remind them to pay attention to the issues and include them in the inspection period, and reduce the frequency of cooperation until re-evaluation in the next year.

In order to ensure that suppliers continue to comply with the commercial integrity clauses in the course of cooperation, Conch Environment continuously reviews the implementation of the integrity agreement in the course of project cooperation. Specific measures include:

Requirements for Supplier Ethics Review

- ▶ Suppliers provide internal integrity agreements and regularly carry out verifications in accordance with the agreements
- ▶ The Project Management Department, as the leading unit, improves the project construction management system and management process every year to minimize the risk of corruption
- ▶ Management staff for the department's business, supervisors of subsidiaries and related personnel are required to sign a pledge of integrity practice with the Company every year

Conch Environment attaches great importance to the environmental and social risk control of suppliers. We regularly check the situation of safety and environmental protection in our projects and rectify potential problems to help suppliers manage the related risks. We have compiled relevant institutional documents to stipulate the requirements for construction parties to be obliged to mitigate environmental impacts during the construction process. In addition, we give full play to the safety management role of our monitoring and management units during project construction by organising weekly safety and civilisation inspections, regularly supervising and verifying the operation of the safety management system and on-site safety control of outsourced units, conducting management interviews with the units and personnel involved in serious non-compliance, and carrying out discussions and studies on key sub-projects and hazardous operations as well as on-site supervision.

Supplier Communication and Training

Conch Environment focuses on supplier communication and training to strengthen relationships with suppliers. The Group has established multiple channels to maintain communication with suppliers and obtain feedback from them, as well as providing them with relevant training regarding technology, quality and safety, while informing them of the Group's latest requirements. In addition, through on-site project communication, supplier conferences and partner satisfaction surveys, we jointly study project improvement initiatives and promote mutual benefit and win-win situation for both parties.

During the Reporting Period, we conducted special technical and safety briefing meetings in the form of on-site participation and video conferences for the Tongchuan project with *Jiangsu Zhongan Construction Group*. At the same time, we also publicised the project system and contract terms, and conducted safety education and training. Good communication with suppliers not only provides timely support and assistance to suppliers, but also facilitates our timely understanding of project progress.

3.Operational Responsibility

Exchange of experiences on intermittent pyrolysis furnace in dry distillation project

The Company focuses on technical exchanges with suppliers, which range from the exploration of initial project proposals to the conclusion and optimisation of technologies in later projects, and maintains good communication with suppliers to jointly promote the Company's technological improvements and optimisation in the environmental industry. In April 2023, with reference to the experience of the intermittent pyrolyser in the Wuhu dry distillation project which has been in good operation, we further discussed with suppliers the feasibility of optimising the performance

and process layout of pyrolysing equipment for the subsequent projects.



Supplier Communication Site

3.4 Responsible Service

Conch Environment not only provides quality services to our customers, but also endeavours to show its sincere respect to customers by giving them appreciation and feedback to create a good cooperation experience together. We also regulate our own marketing behaviours, build a high quality marketing team, protect customer privacy, and continuously improve customer satisfaction.

3.4.1 Responsible Marketing

Conch Environment strictly complies with the laws and regulations, such as *the Advertising Law of the People's Republic of China*, *the Property Law of the People's Republic of China*, and *the Law of the People's Republic of China on the Protection of Consumers' Rights and Interests*. During the Reporting Period, the Group, taking into account the actual implementation of the existing systems and the needs of professional management, amended and issued four systems, including *the Measures for the Management of Intermediate Services in Marketing (Revised)* and *the Provisional Measures for the Management of Accounts Receivable (Revised)* to proactively improve the measures for compliant marketing risk management. In order to strengthen our employees' awareness of compliant marketing, we conduct regular training and guidance for our marketing staff to build up a marketing team with integrity. In addition, Conch Environment regularly conducts reviews on compliant marketing to ensure the implementation of various marketing policies and measures.

During the Reporting Period, the Company organised a mid-term management inspection and comprehensively sorted out the implementation of business processes in respect of the marketing, identifying 318 problems and strictly promoting the implementation of rectification work. In accordance with the work requirements of "List System + Responsibility System + Time Limit", the Company tracked and verified the progress of rectification work of each unit on a monthly basis, so as to ensure that the rectification work would be completed in a timely and effective manner. During the Reporting Period, there were no incidents of non-compliance with marketing regulations in Conch Environment.

Special inspection on marketing foundation management

In May 2023, the Company organised 13 key units to carry out a special inspection of marketing foundation management in respect of the implementation of business processes such as contract signing, pricing management, management of intermediate service providers and risk control. At the end of the month, the Company organised a special inspection notification meeting, which focused on revealing the problems and deficiencies in the areas of customer development and maintenance, contract execution, pricing management, management of intermediate service providers, and execution of the remuneration system for marketing personnel, and urged the relevant units to implement rectification measures.

3.4.2 Customer Service

To standardize the process of customer service and enhance the level of customer service, Conch Environment has formulated and implemented the *Interim Measures for Customer Credit Rating Management*. Based on the size of customers' enterprises and business volume, fulfillment behaviors, operation performance, credit records, and other factors, we have comprehensively analyzed the overall credit status of customers and classified their credit levels as A, B, and C. For customers rated A, we will enhance cooperation with them, set up green channels for them, offer quality service and preferentially transfer their solid and hazardous waste.

As of the end of December, Conch Environment has organized customer satisfaction survey in a total of more than 30 institutions put into operation from seven regions. Questionnaires, interviews, and other forms allow us to obtain detailed insight into customer service satisfaction, and organize rectification in line with certain feedbacks. Meanwhile, we actively conduct face-to-face communication with customers to understand their needs and pain points and continuously improve services. During the Reporting Period, we did not receive customer complaints, with the customer satisfaction rate up to 95%.

Customer discussion meeting

Suzhou Conch Venture held the first customer discussion meeting in May 2023. Suzhou Conch Venture invited more than 30 individuals in total, including Suzhou Ecological Environment Bureau, Suzhou Yongqiao District Environment Bureau, and more than 20 institution representatives of customers. At the meeting, we learned specifically about some customers' dissatisfaction with transferring services of the Suzhou company. After the meeting, 13 issues were collected and urgently needed to be rectified, responsible persons and time frames for specific rectifications were determined to promote the rectifications immediately.



To enhance customer satisfaction, Conch Environment pays attention to boost the quality of the marketing team and service quality by organizing centralized training, rotation training of key personnel and regular training activities, which ensures the provision of efficient and high-quality services. Moreover, to strengthen customer relations, we organize annual customer appreciation activities and regularly conduct New Year group visits for key customers to promote customer stickiness.

"Win-win Cooperation, Grateful For You" - Annual customer appreciation meeting

Conch Environment held the customer appreciation meeting on 17 February 2023 for the purpose of sharing happiness with partners and working together to create the future. At the appreciation meeting, on behalf of Conch Environment, the leader in the marketing division of Conch Environment Protection expressed heartfelt thanks for the strong support and help from partners and sincerely invited customers to strengthen communication, set up sincere cooperation, and deepen the scope and fields of cooperation to achieve win-win results.



Employee Responsibility: Join Hands with Employees to Create the Future



Talents are No.1 productive forces for enterprise development, valuable intellectual resources, and the fundamental driver for long-term operation and sustainable development of enterprises. Conch Environment adheres to a people-oriented approach, regards employees as reliable growth partners, focuses on talent discovery and attraction, practices across-the-board talent management and value empowerment, thus creating a harmonious and equal working environment for employees.

4. Employee Responsibility

4.1 Rights and Interests of Employees

We fully respect every employee's legitimate rights and interests and firmly implement an equal and diverse employee employment policy. We actively seek diversified employee benefits, effectively enhance their sense of belonging, and allow the Company to grow with employees.

4.1.1 Employee Employment

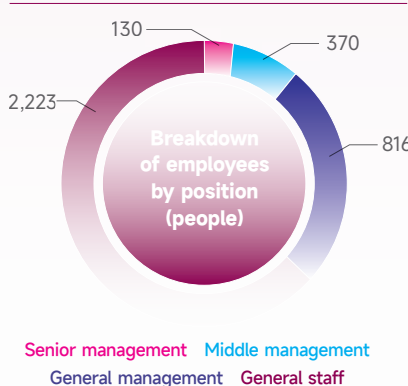
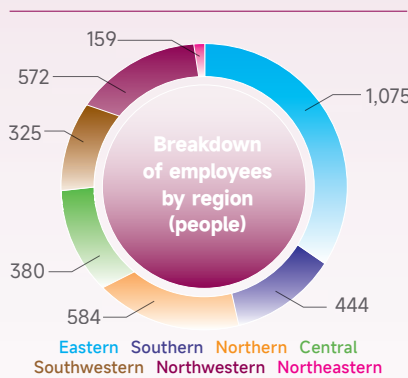
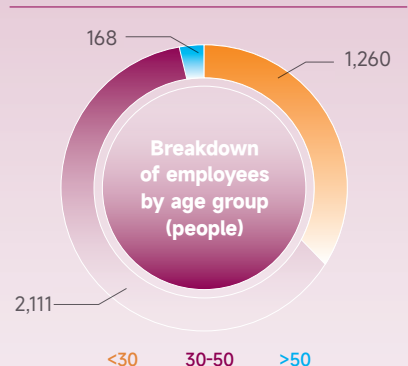
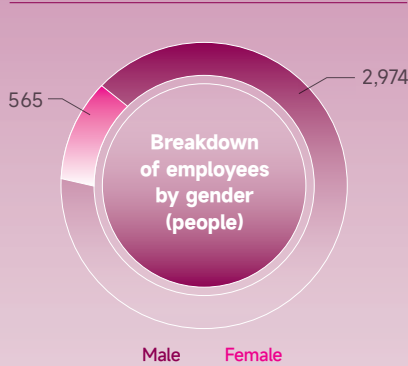
Conch Environment strictly complies with the *Labour Law of the People's Republic of China*, the *Employment Promotion Law of the People's Republic of China*, the *Special Rules on Labour Protection of Female Employees*, the *Law of the People's Republic of China on the Protection of Minors* and the *Provisions on the Prohibition of Using Child Labour*, and other relevant laws and regulations in the places we operate, formulated *Management Methods for Selection and Appointment of Company Officers*, *Management Methods of Compensatory Leave Gathering and Verification and Declaration of Transportation Fees for Managers*, *Implementation Methods for Subsidies of Contingent Personnel (Revised)*, and other internal systems to continuously improve the management system of human resources of the Group.

We stick to legal employment and no employment discrimination based on factors of ethnicity, gender, region, religious belief, disability, etc., ensure equal pay for equal work, and strictly prohibit the employment of child labour or forced labour, making endeavors to build a diverse and inclusive working environment. During the Reporting Period, the Group did not employ child labour or forced labour.

The Group's development requires diversified talents. We have set the goal of 20% female employees. In the future, we will promote recruiting female employees given specific job conditions and recruit them to suitable positions, which will help increase the proportion of female employees.

In 2023, Conch Environment continuously expanded talent attraction channels and built a global recruitment platform. We arrive at various universities each spring and autumn to carry out campus recruitment. During the Reporting Period, the Group went to Anhui University of Science and Technology, Anhui University of Technology, Anhui University of Finance and Economics, Xi'an University of Architecture and Technology, Henan Polytechnic University and other universities to carry out campus recruitment, recruiting more than 50 college graduates in total.

As of the end of the Reporting Period, the Group had a total of 3,539 employees, including 3,464 full-time employees and 75 contingent employees. 318 new full-time employees were hired during the Reporting Period. The breakdown of employees is as follows:



4.1.2 Remuneration Benefits

Regarding talents as the cornerstone of enterprise development, Conch Environment attracts and retains talents by establishing a scientific and reasonable system of remuneration benefits. In 2023, the Group implemented a special incentive system and established an incentive policy for all employees. A total of 48 units enjoyed the special incentive policy throughout the year, continuously stimulating employees' enthusiasm and creativity. At the same time, to ensure consistency between the income level of employees and their living costs, the Group also reasonably adjusted the minimum wage standards for employees in the corresponding provinces based on the adjustments to the minimum wage standards in each province.

Remuneration System of Conch Environment

Management positions

Executives in the parent company, and mid-level management and above personnel in subsidiaries, are paid with monthly basic salary consisting of post salary and post bonus. Assignment allowance system and special incentive system are adopted for mid-level management and above personnel.

Technical and auxiliary positions

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

Meanwhile, we strictly comply with laws and regulations in the places where we operate to offer basic benefits including statutory holidays, five social insurances and the housing provident fund for employees. In addition, we also provide diversified employee benefits such as holidays, festival benefits, high-temperature subsidies and lunch subsidies to practically enhance the employees' satisfaction with work and sense of happiness.

Benefit System of Conch Environment

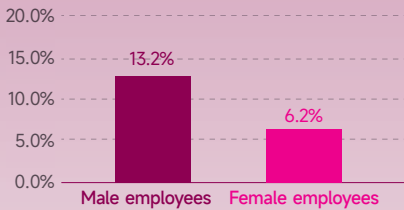
- ▶ Social insurance and medical insurance
- ▶ Annual health checks
- ▶ High-temperature subsidy and meal subsidy
- ▶ Festival benefits
- ▶ Statutory holidays and paid annual leave
- ▶ Maternity allowance and comfort money for ill employees

5 The breakdown of employees included labour workers.

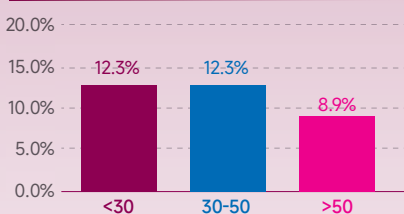
4. Employee Responsibility

During the Reporting Period, the Group's employee turnover rate was 12.1%⁶. The turnover rate by gender and by position was as follows:

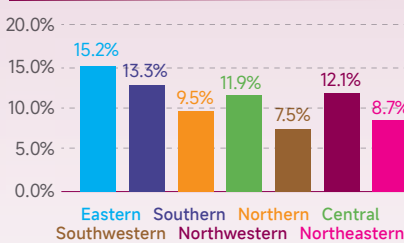
Employee turnover rate by gender



Employee turnover rate by age



Employee turnover rate by region



4.2 Training and Development

Regarding the talent team as a valuable asset in the development process, the Group sticks to the development concept of fairness, justice and talent diversity, establishes and improves a sound career promotion channel, striving to provide a broad development platform for each employee and build a high-level and high-quality talent team.

4.2.1 Employee Training

Conch Environment firmly believes that the simultaneous progress of talents and enterprises is vital to the long-term development of enterprises. In order to help each employee realize their own value, we constantly build a high-quality talent training system, update the *Implementation Rules for the Management of Employee Training*, and further standardize the internal training management process of the Group. We established a comprehensive training system including orientation training, training of skills for in-service employees, specialized training and leadership training with a view to comprehensively enhancing employees' professional skills and overall qualities, and laying a more solid foundation for the long-term development of the Company.

Training System of Conch Environment

Orientation training ▼

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 ▼

Conch Environment 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 ▼

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.

Leadership training ▼

Conch Environment carries out training courses for management cadres to improve the comprehensive management level and applied management skills of management cadres, and help them transform from production-oriented cadres to management-oriented cadres.

Set out again with innovations – the first management cadre training course of Conch Environment came to a successful end

The management cadre training course of Conch Environment was carried out in accordance with the *Enterprise Financial Management*, *Efficient Communication Rules at Workplace*, *Enterprise Compliance System Building*, *Efficient Team Building and Management*, *Emotional Management and Pressure Release*, *Personnel Assessment and Performance Management*, *Corporate Governance and Incentive Mechanism*, *Leadership Science and Art*, *Analysis on Domestic and Foreign Political Situations*, *Legal Risks and Prevention of Enterprise Operation*, etc. Integrating *experiential teaching* and *desktop deduction*, the course carried out training through entertaining activities, and effectively enhanced the leadership and management capability of trainees at work and workplace.



⁶ Turnover rate= Number of turnover in the category / Total number of employees in the category at the end of the period

4. Employee Responsibility

Conch Environment actively supported the academic advancement and vocational qualification certification of employees. We issued the *Guiding Opinions on Encouraging the Reeducation of Employees (Trial)* to encourage and reward academic advancement and vocational qualification certification. In 2023, the vocational qualification certification rewards were issued twice, during which 50 employees obtained a total of RMB381,200 as rewards.

Academic Advancement Program and Vocational Qualification Certification Program of Conch Environment

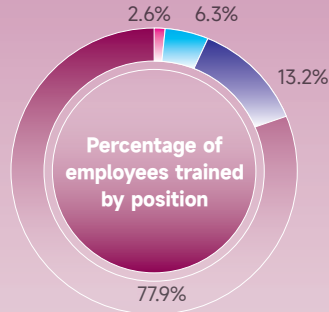
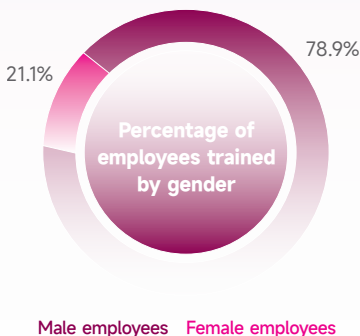
Vocational qualification certification program

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

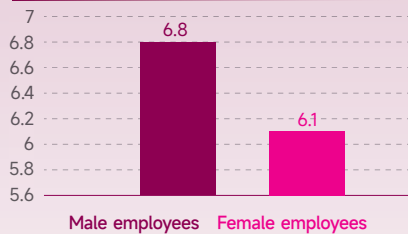
The Company offers tuition subsidies to in-service employees who have passed the national unified entrance examination for further education through self-study and obtained the admission qualification of master's degree or doctoral degree in the profession related to his/her job (subject to the admission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

During the Reporting Period, 100% of the Group's employees received training, with total training and development hours of 22,896 and average training hours of 6.47 hours per person.

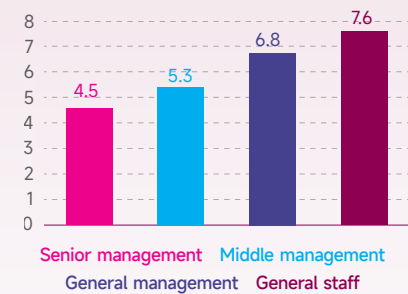


Senior management Middle management
General management General staff

Average training hours by gender hour



Average training hours by position hour



4.2.2 Employee Development

Deeply implementing the "Talent Strategy", Conch Environment further optimized the talent echelon construction and promoted talent development. We continued to improve the talent development mechanism, and established the mature promotion management system, guaranteeing the talent development with fair and just promotion processes. According to the relevant management system of Conch Cement, Conch Environment issued the *Administrative Measures for the Selection and Appointment of the Company's Cadres*, which specified clear requirements for talent selection and procedures, and smoothed the talent selection channel. At the same time, the Group carried out mid-term and year-end performance evaluations, established a performance evaluation mechanism based on business skills and work performance, and applied the results to talent selection.

4.3 Communication and Caring

In order to create a harmonious and cozy working atmosphere and enhance the sense of happiness and belonging of employees, the Group further enhanced its cohesion and realized long-term stable development by establishing a sound communication and caring system for employees.

4.3.1 Employee Communication

The Group is committed to building an active and open working environment for employees. For the purpose of protecting the mental health of employees and solving hot issues for employees, we established a smooth and bilateral communication channel to listen to the voices of employees in a timely manner. We comprehensively opened the general manager's mailbox, and published the complaint and reporting emails on our official website and intranet, so as to further guarantee smooth

Standing together for intimate communication-Tongchuan Conch Environmental Protection held an employee symposium in the first quarter

In order to listen to the voices of employees, understand employees' thoughts, smoothen channels for employees to raise requirements, and further improve the Company's management level, Tongchuan Conch Environmental Protection held an employee symposium in the first quarter of 2023. The office informed one by one the rectification of the problems fed back during the last employees' informal talk. Later, the employees present at the meeting talked about their work, life experience and problems encountered at relevant positions in detail, and put forward opinions and suggestions on the development of the Company.

This symposium was the first symposium held by Tongchuan Conch Environmental Protection this year, during which employees had face-to-face communication with the Company's leaders about the problems encountered in work and life, and put forward corresponding improvement suggestions, jointly contributing to the production and development of the Company.



4. Employee Responsibility

4.3.2 Caring for Employees

The Group is always dedicated to building a people-oriented and harmonious atmosphere for happy work. During the Reporting Period, we carried out employee caring activities and diversified and healthy cultural and sports activities to promote emotional exchanges between employees.

Sincere care warms hearts - all units of Conch Environment visited employees in need during the Spring Festival

In order to help employees in need, the Company's subsidiaries visited employees in need and sent care and Spring Festival greetings to them during the Spring Festival.



Chongzuo Haizhong held Women's Day activity by visiting female employees

In a bid to implement holiday benefit requirement of Conch Environment, enrich female employees' life, send their company's care, arouse all female employees' enthusiasm towards work, Chongzuo Haizhong held Women's Day activity by visiting female employees.



Conch Environment "New Year" badminton match drew to a successful close

To meet the personalized and diversified cultural, sports and artistic needs of employees, and to provide more and better communication and competitive interaction platforms for the literature and art and sports enthusiasts, the "New Year" badminton match hosted by the Conch Environment Union and the Youth League Committee, undertaken by the Wuhu Logistic Union, and co-organised by Wuhu Conch Environment Union, was held at Wuhu Dinghong Badminton Hall on New Year's Day on December 29, 2023. Employees of the Conch Environment's departments and units in province were enthusiastic and took an active part in, with more than 30 employees in total participating in this match.



Social Responsibility: Repaying the Society and Taking Responsibility



Conch Environment always engraves the mission of public welfare in its heart. As a bearer and practitioner of corporate social responsibility, we utilize our own resources and advantages to actively carry out public welfare activities, spread positive energy for environmental protection, repay the society with our heart and contribute to the creation of a green and sustainable future.

5.Social Responsibility

5.1 Community Investment

Conch Environment takes responsibilities of an environmental enterprise actively while striving to its own development. The Company participates in industry activities and work with parties to explore new paths and opportunities for industry development. In addition, the Company makes full use of its resources and technical advantages to assist governments in emergency disposal of hazardous waste, contributing to the safety and stability in communities.

Wenshan Conch Environmental Protection Assisted The Local Government In Emergency Disposal Of Hazardous Waste

During the Reporting Period, Wenshan Conch Environmental Protection was entrusted by the Kunming Municipal Ecology and Environment Bureau to carry out emergency disposal of slag from delining for two months. Slag from delining is all waste lining and carbon-containing electrode materials removed in the overhaul of the electrolytic cell of aluminum plants, which is composed of cathode carbon block, insulation brick, castable refractory, refractory mortar, etc. and has certain calorific value. Taking advantages of co-processing incement kiln, it can replace part of the aluminum raw materials and also reduce the coal consumption and save production costs. In order to prevent the risk driving from the collection, storage, transportation and disposal of slag from delining, the company set up a project group for emergency waste disposal, and designated technical personnel to conduct technical guidance on site in terms of the entire process of waste investigation, digging, loading and transporting, unloading and storage, and disposal, ensuring a safe, environmental and quality-controlled disposal process.



Dengfeng Haizhong Assisted Local Government In Disposing Substandard Waste Drugs

During the Reporting Period, Entrusted by the Henan Medical Products Administration, Dengfeng Haizhong assisted it in disposal of a batch of substandard waste drugs. Most of which were expired or leftover drugs, and would pose a potential threat to the environment and human health if failed to disposal in time. Upon verified and repeatedly confirmed by the staff in terms of names, specification and amount of recycled waste drugs, it would be unloaded and transferred to hazardous waste storage pit for further harmless treatment. The whole waste drugs disposal process was orderly and efficient with good protection measures by the staff, recognised by the staff of the National Medical Products Administration.



Qiyang Conch Venture Assisted The Yongzhou Tobacco Monopoly Bureau In Harmless Treatment Of Fake Cigarettes

During the Reporting Period, Qiyang Conch Venture assisted the Yongzhou Tobacco Monopoly Bureau to conduct the "3.15" Consumer Rights Day activities and harmless disposal of fake cigarettes investigated in its jurisdiction. It effectively safeguarded the legitimate rights and interests of consumers and the social and economic order, while enhanced the image and social responsibility of the Company.



Conch Environment sees education as the key of future development and the basis of social progress. Leveraging on the Environmental Open Day, the Company launches environmental protection publicity activities to the community and spread the concept of sustainable development. During the Reporting Period, Conch Environment received 1,126 visits, including government bodies, enterprises, teachers and students.

Yiyang Conch Environmental Protection Held Environmental Facilities Open Day

During the Reporting Period, Yiyang Conch Environmental Protection organized Environmental Facilities Open Day. Over 20 teachers and students representatives visited Yiyang Conch Environmental Protection. They visited the Company's exhibition hall, the central control room and the laboratory, and learned about the overall treatment process of cement fly ash. After that, they participated in VR safety experience activity and improved the awareness of safety consciousness and the ability of self-help and self-protection through VR technology and games. This Open Day not only promoted the publicity of the environmental protection industry and enhanced the public's scientific understanding of environmental protection facilities, but also further promoted the implementation of experiential safety education.



5.Social Responsibility

Qiyang Conch Venture Participated in the “June 5 World Environment Day” Series of Promotional Activities in Qiyang City

During the Reporting Period, Qiyang Conch Venture was invited by Qiyang Ecological Environment Bureau to participate in Qiyang’s 2023 “Building a Modernization that Fosters Harmonious Coexistence between Humans and Nature” Environment Day promotional activity, aiming to promote the concept of ecological civilization and corporate culture. Through setting up consultation booths, distributing promotional materials, displaying promotional boards, giving on-site lectures, etc., employee representatives propagated relevant knowledge on resource conservation, environmental protection, and low-carbon living to the general public.



5.2 Public Welfare Activities

While creating economic value, Conch Environment always remembers its social responsibility. We advocate for employees to actively participate in public welfare activities and give back to society through acts of kindness such as charitable donations. In 2023, Conch Environment donated a cumulative total of RMB 17,325.

Yulin Conch Environmental Protection Launched the “Guarding Children’s Growth, Supporting Rural Revitalization” Donation and Scholarship Program

On the 2023 International Children’s Day, Yulin Conch Environmental Protection visited the primary school in Yanchangbao Town, Dingbian County, and launched the “Guarding Children’s Growth, Supporting Rural Revitalization” donation and scholarship program. During the donation ceremony, company representatives sent basketballs, footballs, badminton rackets, badmintons, table tennis rackets, skipping ropes, books, and other educational supplies and materials to the school and students, actively fulfilling its responsibility and commitment as an enterprise through practical actions to support the development of rural education.



ESG

Governance Responsibility: Regulating Governance for Solid Development



As a pioneer of new technologies for environmental protection in China, Conch Environment continuously enhances its internal control system and risk management framework, adheres to business ethics, strengthens ESG governance, and integrates sustainable development with corporate management. By collaborating with stakeholders inside and outside the industry, Conch Environment aims to achieve new milestones in sustainable development.



6. Governance Responsibility

6.1 Corporate Governance

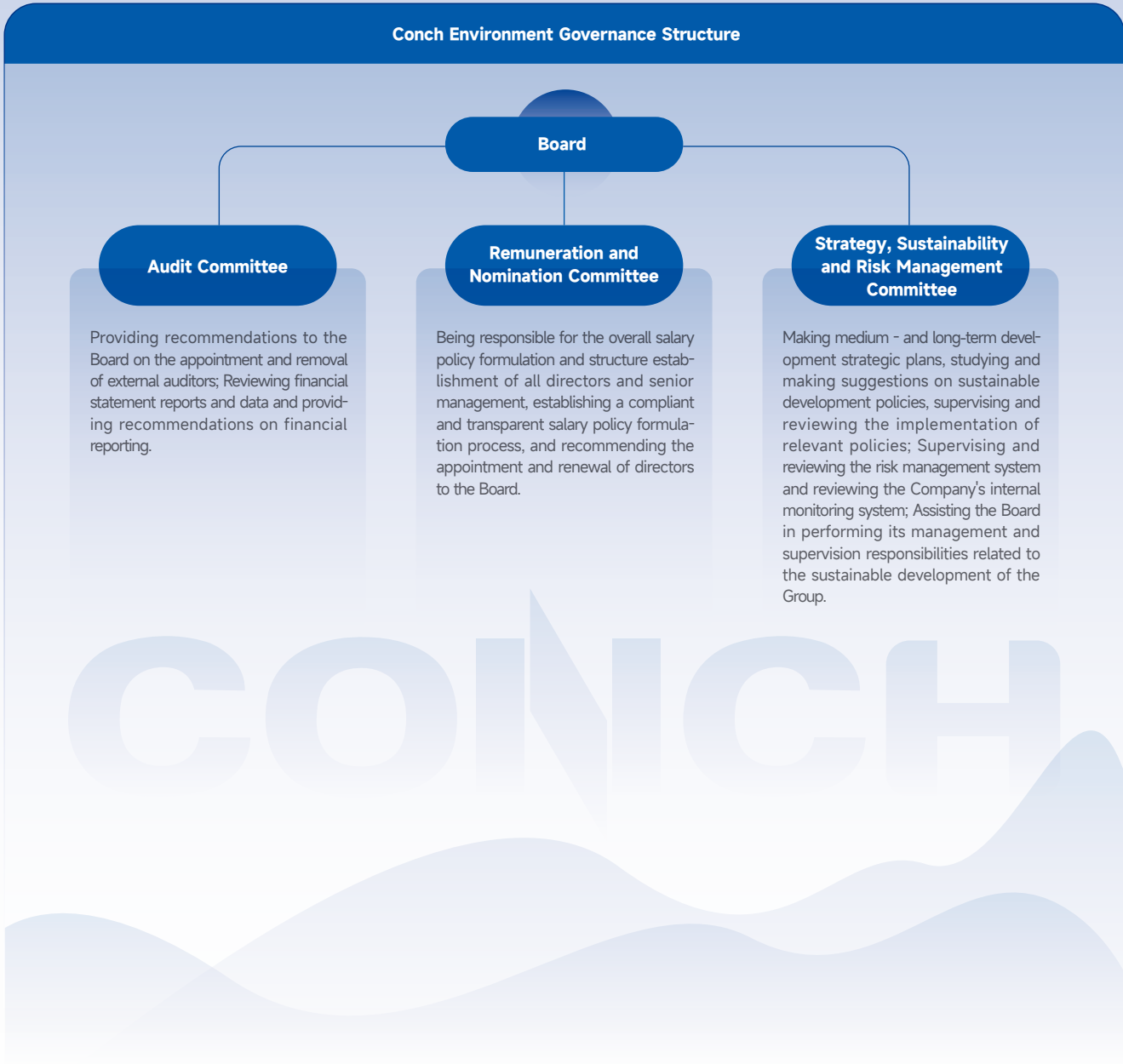
Conch Environment strictly complies with the relevant requirements of the *Company Law of the People's Republic of China* and the *Corporate Governance Code* as set out in Appendix C1 of the *Rules Governing the Listing of Securities on the Stock Exchange*. The Company enhances its corporate governance structure, strengthens its risk management framework, upholds business ethics, and continuously elevates its governance standards with a focus on sustainability principles.

6.1.1 Board Governance Structure

The Board of Conch Environment is responsible for leading and supervising the business, strategic policies, and performance of the Company, as well as fulfilling corporate governance responsibilities, which includes improving the Company's governance framework, formulating the Company's overall strategic planning, and determining long-term performance and management objectives, etc. The selection procedures for directors and the Board comply with relevant laws and regulations. The Board has established an Audit Committee, a Remuneration and Nomination Committee, and a Strategy, Sustainability and Risk Management Committee to jointly assist in governance supervising, ensuring that Company decisions are made in a scientifically effective manner.

In 2023, the Board and its respective committees convened meetings to review and pass resolutions on material issues. During the Reporting Period, the Audit Committee held 2 meetings, the Remuneration and Nomination Committee held 3 meetings, and the Strategy, Sustainability and Risk Management Committee held 1 meeting.

Conch Environment Governance Structure



6. Governance Responsibility

6.1.2 Board Diversity

During the Reporting Period, the Board of Directors of Conch Environment comprises 9 directors: including 3 executive directors, 3 non-executive directors, and 3 independent non-executive directors.

Conch Environment considers board diversity as a key factor in achieving the Company's sustainable development. To establish a diverse board and effectively carry out board responsibilities, we adhere to a diversity policy in benchmarking the selection of candidates against a range of diverse categories, including but not limited to gender, age, cultural and educational backgrounds, 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. We have set measurable targets in line with the diversity policy, and regularly evaluate the status of board diversity and progress in achieving diversity targets. During the Reporting Period, all members of the board of the Company received university education and had rich industry experience. Currently, Conch Environment has appointed 3 female directors, with independent non-executive directors accounting for one-third, fully achieving the board diversity target.

Board of Directors of Conch Environment

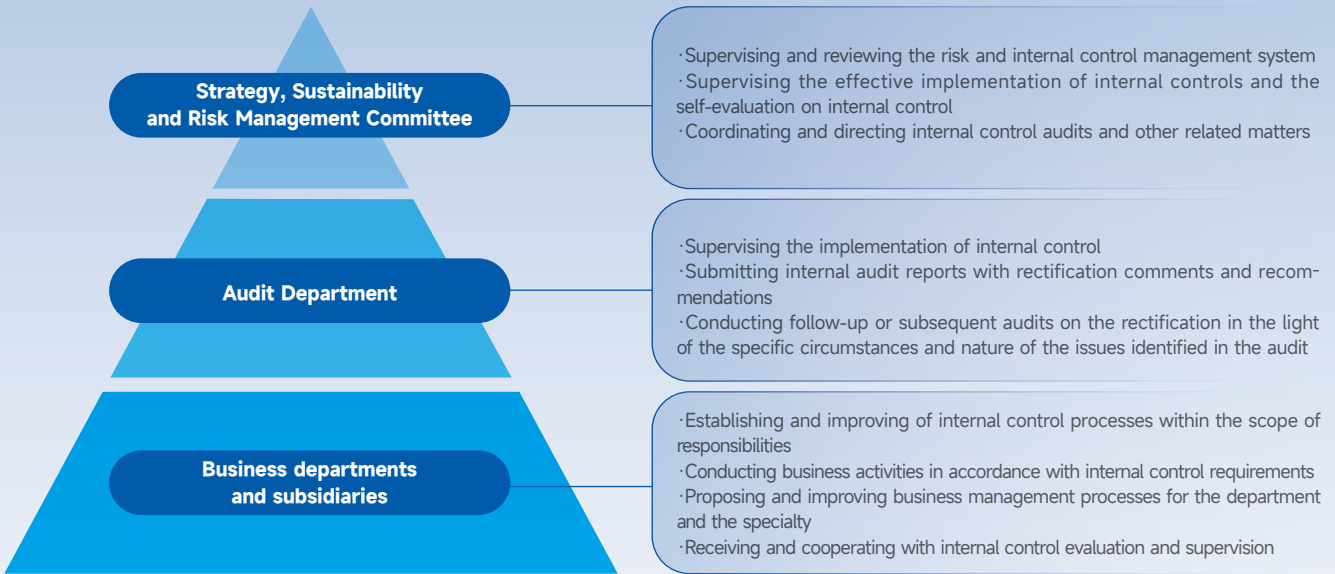
Name of Director	Position	Audit Committee	Remuneration and Nomination Committee	Strategy, Sustainability and Risk Management Committee	Specialty		
					Risk Management	Financial Management	Industry Experience
Mr. Li Qunfeng	Chairman of the Boards and Non-Executive Director		✓	✓	✓		✓
Mr. Li Xiaobo	Executive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

6. Governance Responsibility

6.1.3 Internal Control and Risk Management Structure

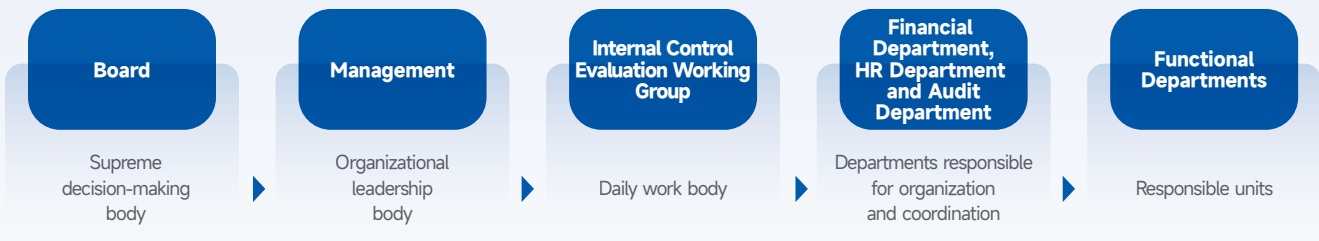
Conch Environment firmly believes that a sound internal control and risk management system is the guarantee of stable corporate governance. In strict compliance with *the Company Law of the People's Republic of China* and internal management systems such as *the Management Measures on the Establishment of Internal Control System*, *the Management Measures on Internal Control Evaluation* and *the Internal Control Manual*, and in light of the actual situation of the Company, we continue to improve our internal control management structure and further regulate and improve the internal control and risk management system, so as to safeguard the Company's stable operation.

Conch Environment has established a comprehensive risk management structure, which consists of a three-level control, namely the Strategy, Sustainability and Risk Management Committee, the Audit Department, and the business departments and subsidiaries, with clear delineation of responsibilities at all levels.



The Three-Level Control for Risk Management

Internal Control Management Framework for Conch Environment



In order to implement the control objectives of “strengthening internal control, preventing risks and promoting compliance”, we issued *Key Points of Internal Control Management in 2023* and *Self-Evaluation Programme on Internal Control in 2023*, which specify the key emphasis and requirements of the annual self-evaluation on internal control, in order to clear internal control deficiencies identified during the self-evaluation. During the Reporting Period, we completed internal control self-evaluation in 47 subsidiaries and spot-checks in 6 regions, in which we urged each unit to immediately rectify the design deficiencies and execution deficiencies identified. In addition, the Group has authorised the Audit Department to conduct regular audits regarding significant operational risks on a regular

basis, identify risks and conduct focused audits on areas with a higher level of risk. During the Reporting Period, we conducted a total of 16 departure audits projects, representing a target completion rate of 133%.



6. Governance Responsibility

6.1.4 Business Ethics

Conch Environment scrupulously abides by business ethics of honesty, integrity and self-discipline, strictly complied with *the Anti-Unfair Competition Law of the People's Republic of China*, *the Anti-Money Laundering Law of the People's Republic of China*, and *the Interim Provisions on Prohibition of Bribery in Business* and other laws and regulations. We have formulated and implemented internal rules and systems such as *the Complaints and Reporting Management Measures*, with zero tolerance for bribery, corruption and malpractice.

Besides, in order to continue to advance the anti-corruption and integrity promotion activities, Conch Environment officially established the Discipline Inspection Commission in April 2023, and formulated the *Working Rules of the Conch Environment Discipline Inspection Commission (Trial)* and *the Interim Measures for Acceptance and Disposal of Communication Reports of Conch Environment Discipline Inspection Commission* in August, which clearly defined the duties and responsibilities of the Discipline Inspection Commission and improved the process of handling communication reports. We have established an integrity management framework comprising the Discipline Inspection Commission and discipline teams of the subsidiaries, coordinating and promoting anti-corruption and integrity promotion from top to bottom, which has contributed to the enhancement of the Company's ability to prevent and control integrity risks. During the Reporting Period, there were no corruption litigation cases against Conch Environment.

Conch Environment Integrity Management Framework

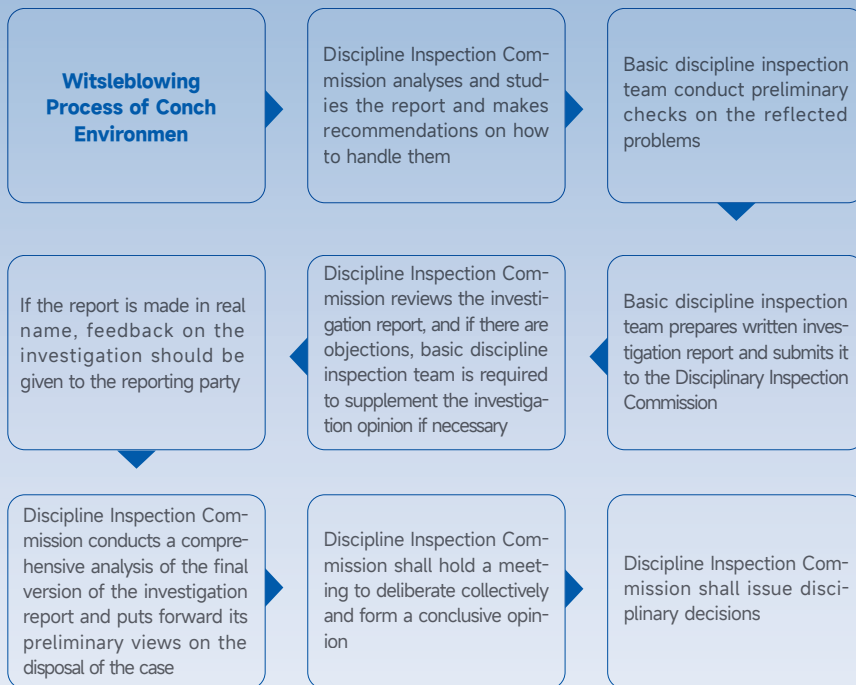
Discipline Inspection Commission

- Coordinating the establishment of a clean and honest Party
- Performing daily and specialised supervisory duties
- Accepting and handling communication reports

Discipline teams of the subsidiaries

- Conducting daily integrity education for employees of subsidiaries
- Supervising and reviewing daily business risks
- Cooperating with the Discipline Inspection Commission in the implementation of key anti-corruption initiatives

Conch Environment has established multiple reporting channels such as letters, emails, faxes, reporting hotline, and on-site reporting to encourage all stakeholders to conduct real name or anonymous supervision of our business ethics construction work. We continue to optimise com-



munication reports handling processes, clarifying the responsible supervisors for each process, and ensuring that all reports received are handled in a speedy, fair and transparent manner.

Reporting Channels

- Reporting hotline · +86-0553-8398850
- Email · hlhbhw@163.com

The Group strictly complies with the requirements of the whistleblower protection system and maintains strict confidentiality of the whistleblower's personal information and the content of the report. It is strictly prohibited to disclose relevant information to the reported person and unrelated persons, and all acts of threatening, assaulting or repeating the reporter are prohibited.

We regard anti-corruption as a top priority of our management work and continue to carry out training and promotion of integrity in the workplace. We conduct integrity education for the Board, management and employees in various forms and through various channels, to actively create a clean and positive environment. During the Reporting Period, the Group's *Code of Business Conduct* policy covered 100% of its employees. The Group conducted a total of 3 specialised integrity training sessions for the Board and management, with 6 training hours per capita, and 125 anti-corruption training sessions for all employees, with 6,800 training hours, covering 3,530 persons.

Party lecture on integrity for management cadres training course

During the first training course for the management cadres of Conch Environment, Yu Yue, a member of the Party Committee and secretary of the Discipline Inspection Commission of Conch Environment, gave a lecture regarding integrity to the trainees on the topic of "Being A Loyal, Honest, Responsible, Dedicated And Disinterested Cadre". Yu, the secretary, stressed that the trainees should keep the bottom line, deeply committed to integrity, adhere to the staff-oriented principle, sincerely accept the public supervision, striving to be dedicated, responsible, clean and disinterested cadres. During the training, the trainees combined theoretical knowledge learning with the party practice, and integrity education with the Company's cultural development, gaining a full understanding of the importance of upholding bottom-line thinking and resolutely resisting corruption.



6. Governance Responsibility

6.2 ESG Governance

Conch Environment is committed to the concept of sustainable development, attaches great importance to ESG governance, continues to optimise the ESG management structure, and maintains effective communication with stakeholders to safeguard the stable, sustainable and healthy development of the Company.

6.2.1 Board Statement

·The Board responsibilities: The Board assumes ultimate responsibility for ESG management approach, strategy, target setting and monitoring of target progress, and ESG performance of Conch Environment, and is fully accountable for the ESG reporting strategy and reporting. The Strategy, Sustainability and Risk Management Committee of the Board assists in the implementation of ESG governance, ensures the implementation of ESG policies, monitors and checks ESG-related performance, risks and targets, as well as makes appropriate adjustments to the ESG strategy and reviews ESG reports. The committee consists of four board members with one chairman. Its responsibilities are detailed in the *Terms of Reference of Strategy, Sustainability and Risk Management Committee of China Conch Environment Holdings Limited*.

·ESG daily implementation: The ESG Working Group is responsible for assisting in the implementation of the daily execution of ESG-related issues, 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, establishes corresponding risk response measures in collaboration with various functional departments, and at the same time 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 effective communication with internal and external stakeholders, from which it identifies material ESG risk issues and formulates corresponding sustainable strategies, objectives and management policies. During the Reporting Period, the Strategy, Sustainability and Risk Management Committee chaired the work of identifying and analyzing material issues with a total of 22 material issues identified, which were submitted to the Board of Directors for review and approval.

6.2.2 ESG Governance Framework

Conch Environment embeds the concept of sustainable development in its strategy and daily operations. We continue to improve the ESG mechanism and have formed a three-tier governance structure from the top down, including the Board of Directors, the Strategy, Sustainability and Risk Management Committee, and the ESG Working Group, which clearly defines and continuously optimizes the division of responsibilities at each level to ensure the effective implementation of ESG management and provide a strong safeguard for the Company's sustainable development.

ESG Governance Framework of Conch Environment



6. Governance Responsibility

6.2.3 Communication with Stakeholders

Conch Environment attaches great importance to the expectations of our stakeholders. We comply with *the Policy on Shareholder Communication of China Conch Environment Holdings Limited*, actively expand our communication channels, maintain regular and effective communication with our stakeholders, including but not limited to customers, shareholders, investors and employees, and continue to identify the concerns and expectations of our stakeholders and take timely measures to respond to their requests.

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

A group of investors visited and studied at Conch Environment

In January 2023, Industrial Securities organized a group of nearly 12 investors, including PICTET Asset Management and Greenwoods Asset Management, to visit and study at Conch Environment, and conducted seminars for exchange of ideas.



Conch Environment launched 2023 Interim Results Presentation Roadshow in Hong Kong

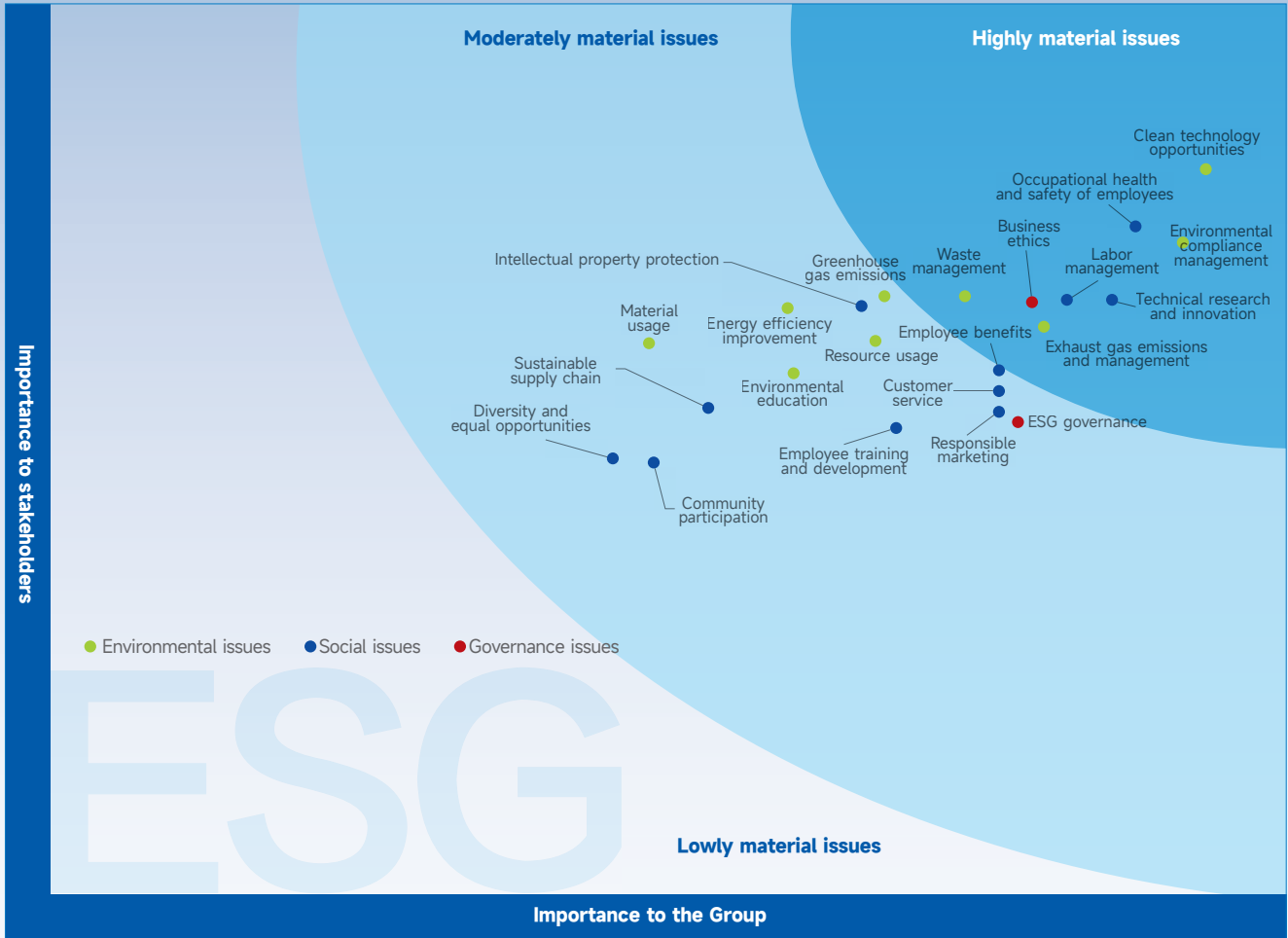
In order to better present the Company's operation position and development plan to investors, Conch Environment went to Hong Kong to launch the 2023 Interim Results presentation roadshow to have face-to-face communication with investors. During the meeting, the management of the Company introduced detailed production and operation situation in the first half of the Year, development highlights and mission objectives for the second half of the Year, and discussed with investors on key topics such as competition pattern of the solid and hazardous waste disposal industry, price trend of hazardous waste disposal, non-kiln business project layout and planning, and capital expenditure, etc.



6. Governance Responsibility

6.2.4 Analysis of material issues and matrices

Conch Environment regularly evaluates the ESG materiality issues and continuously improves ESG management to effectively respond to the expectations and requirements of our stakeholders. In 2023, we identified a total of 22 ESG materiality issues based on the current operating conditions of our own business and the results of internal and external stakeholder communications.



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

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.	Environmental Responsibility: Protecting the Environment for Sustainable Development
	KPI A1.1	The types of emissions and respective emissions data.	Environmental Responsibility: Protecting the Environment for Sustainable - Pollutant Prevention and Control
	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).	Environmental Responsibility: Protecting the Environment for Sustainable - Energy Management
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable, the hazardous waste generated is handled by itself
	KPI A1.4	Total non- hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility: Protecting the Environment for Sustainable - Pollutant Prevention and Control
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Responsibility: Protecting the Environment for Sustainable - 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.	Environmental Responsibility: Protecting the Environment for Sustainable- Pollutant Prevention and Control, Environmental Management
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Responsibility: Protecting the Environment for Sustainable - Water Resource Management, Energy Management
	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).	Environmental Responsibility: Protecting the Environment for Sustainable - Energy Management
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Protecting the Environment for Sustainable - Water Resource Management
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Responsibility: Protecting the Environment for Sustainable - Energy Management, Environmental Management
	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.	Environmental Responsibility: Protecting the Environment for Sustainable - Water Resource Management, Environmental Management
	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	Environmental Responsibility: Protecting the Environment for Sustainable
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Responsibility: Protecting the Environment for Sustainable
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.	Environmental Responsibility: Protecting the Environment for Sustainable - Environmental Management
	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.	Environmental Responsibility: Protecting the Environment for Sustainable - Environmental Management
ESG Areas and General Disclosures and KPIs			Sections
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 issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee Responsibility: Join Hands with Employees to Create the Future
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	Employee Responsibility: Join Hands with Employees to Create the Future - Rights and Interests of Employees
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Responsibility: Join Hands with Employees to Create the Future - Rights and Interests of 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.	Operational Responsibility: Operating Excellence, Creating Value - Operational Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Operational Responsibility: Operating Excellence, Creating Value - Operational Safety
	KPI B2.2	Lost days due to work injury.	Operational Responsibility: Operating Excellence, Creating Value - Operational Safety

APPENDIX I: HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Areas and General Disclosures and KPIs			Sections
Social			
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Operational Responsibility: Operating Excellence, Creating Value - Operational Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Responsibility: Join Hands with Employees to Create the Future- Training and Development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Responsibility: Join Hands with Employees to Create the Future- Training and Development
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Employee Responsibility: Join Hands with Employees to Create the Future- Training and 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.	Employee Responsibility: Join Hands with Employees to Create the Future- Rights and Interests of Employees
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee Responsibility: Join Hands with Employees to Create the Future- Rights and Interests of Employees
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Responsibility: Join Hands with Employees to Create the Future- Rights and Interests of Employees
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Operational Responsibility: Operating Excellence, Creating Value-Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	Operational Responsibility: Operating Excellence, Creating Value-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.	Operational Responsibility: Operating Excellence, Creating Value-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.	Operational Responsibility: Operating Excellence, Creating Value-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.	Operational Responsibility: Operating Excellence, Creating Value-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.	Operational Responsibility: Operating Excellence, Creating Value-Responsible Service
	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.	Operational Responsibility: Operating Excellence, Creating Value-Responsible Service
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Environmental Responsibility: Protecting the Environment for Sustainable Development-Green Technology Innovation
	KPI B6.4	Description of quality assurance process and recall procedures.	Operational Responsibility: Operating Excellence, Creating Value- Quality Management
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Operational Responsibility: Operating Excellence, Creating Value-Responsible Service
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.	Governance Responsibility: Regulating Governance for Solid Development-Corporate Governance
	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.	Governance Responsibility: Regulating Governance for Solid Development-Corporate Governance
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Governance Responsibility: Regulating Governance for Solid Development-Corporate Governance
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Governance Responsibility: Regulating Governance for Solid Development-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.	Social Responsibility: Repaying the Society and Taking Responsibility
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Responsibility: Repaying the Society and Taking Responsibility
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Social Responsibility: Repaying the Society and Taking Responsibility

APPENDIX II: ESG DATA SUMMARY

Performance Indicator	Unit	2022	2023
Operating revenue	RMB 100 Million	17.30	18.82
Total profit	RMB 100 Million	4.11	3.52
Total industrial hazardous waste treated	10,000 Tonnes	92.16	107.66
General hazardous waste treated	10,000 Tonnes	77.55	94.05
Oil sludge treated	10,000 Tonnes	9.84	6.37
Fly ash treated	10,000 Tonnes	4.77	7.24
Total industrial solid waste treated	10,000 Tonnes	159.36	207.15
ISO 9001:2015 Quality Management System certified coverage of hazardous waste disposal projects	%	56.76	71.05
ISO 14001 Environmental Management System certified coverage	%	56.76	71.05
ISO 45001 Occupational Health and Safety Management System certified coverage	%	56.76	71.05
Hydrogen chloride (HCl) emissions	Tonne	290.97	332.65
Hydrogen fluoride (HF) emissions	Tonne	33.12	31.31
Nitrogen oxide (NO _x) emissions	Tonne	60.99	67.19
Sulfur oxide (SO _x) emissions	Tonne	0.07	0.06
Particulate matter (PM) emissions	Tonne	4.93	5.04
Scope 1 greenhouse gas emissions	Tonne CO ₂ e	51,110.23	28,101.42
Scope 2 greenhouse gas emissions	Tonne CO ₂ e	32,844.50	65,578.56
Total greenhouse gas emissions	Tonne CO ₂ e	83,954.73	93,679.98
Greenhouse gas emissions per revenue	Tonne CO ₂ e/thousand RMB	0.05	0.05
Direct energy consumption	MWh	155,670.68	102,045.45
Indirect energy consumption	MWh	59,214.20	116,882.91
Total energy consumption	MWh	214,884.88	218,928.36
Energy consumption per revenue	MWh/thousand RMB	0.12	0.12
General solid waste generated (recyclable)	Tonne	18,272.43	16,997.35
General solid waste generated (non-recyclable)	Tonne	159.69	/
Total general solid waste generated	Tonne	18,432.43	16,997.35
General solid waste generated per revenue	Tonne/thousand RMB	0.01	0.01
Water consumption	Tonne	112,469.53	263,030.71
Water consumption per revenue	Tonne/thousand RMB	0.07	0.14
Wastewater discharge	Tonne	0	0
Total employees	Person	3,686	3,539
By gender	Male	3,126	2,974
	Female	560	565
By employee category	Senior management	131	130
	Middle management	360	370
	General management	271	816
	General staff	2,924	2,223
By age group	<30	3,061	1,260
	30-50	457	2,111
	>50	168	168
By geographical region	Eastern China	956	1,075
	Southern China	557	444
	Northern China	593	584
	Central China	171	380
	Southwestern China	264	325
	Northwestern China	615	572
	Northeastern China	530	159
Employee turnover rate	%	9.4	12.1
By gender	Male	10.5	13.2
	Female	3.1	6.2

APPENDIX II: ESG DATA SUMMARY

Performance Indicator		Unit	2022	2023
By age group	<30	%	7.9	12.3
	30-50	%	18.8	12.3
	>50	%	10.1	8.9
By geographical region	Eastern China	%	3.1	15.2
	Southern China	%	8.3	13.3
	Northern China	%	12.3	9.5
	Central China	%	22.3	11.9
	Southwestern China	%	26.9	7.5
	Northwestern China	%	11.5	12.1
	Northeastern China	%	3.0	8.7
Work-related fatalities and ratio	2021	Person	0	0
		‰	0	0
	2022	Person	0	0
		‰	0	0
	2023	Person	/	0
		‰	/	0
Number of lost days due to work injury		Day	225	0
Total number of employees trained		Person	3,686	3,539
Total hours of employee training		Hour	15,849.8	22,896
Percentage of employees trained		%	100	100
By gender	Male	%	84.8	78.9
	Female	%	15.2	22.1
By employee category	Senior management	%	3.6	2.6
	Middle management	%	9.8	6.3
	General management	%	7.3	13.2
	General staff	%	79.3	77.9
Average training hours completed per employee		Hour	4.3	6.47
By gender	Male	Hour	4.3	6.8
	Female	Hour	4.3	6.1
By employee category	Senior management	Hour	4.3	4.5
	Middle management	Hour	4.3	5.3
	General management	Hour	4.3	6.8
	General staff	Hour	4.3	7.6
Number of suppliers		Supplier	16,886	19,141
By geographical region	Northeastern China	Supplier	416	484
	Northern China	Supplier	1,340	1,473
	Northwestern China	Supplier	1,977	2,294
	Southwestern China	Supplier	2,293	2,489
	Southern China	Supplier	3,224	3,788
	Eastern China	Supplier	7,516	8,491
	Hong Kong, Macau and Taiwan	Supplier	48	50
	Overseas	Supplier	72	72
Number of products and service related complaints received		Case	0	0
Customer satisfaction		%	100	95
Number of legal cases regarding corrupt practices		Case	0	0
Amount invested in charity		RMB	94,000	17,325
Anti-corruption training provided to board members, management and staff	Frequency		54	128
	Coverage rate		100%	100%

7 The water consumption refers to domestic water usage in 2022. In 2023, the statistical scope has been expanded to include the total water consumption for production and daily life in various factories.

8 Domestic waste water discharge.

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
<p>3</p> 	<p>Employee Responsibility: Join Hands with Employees to Create the Future Social Responsibility: Repaying the Society and Taking Responsibility</p>
<p>4</p> 	<p>Employee Responsibility: Join Hands with Employees to Create the Future Social Responsibility: Repaying the Society and Taking Responsibility</p>
<p>5</p> 	<p>Employee Responsibility: Join Hands with Employees to Create the Future</p>
<p>6</p> 	<p>Environmental Responsibility: Protecting the Environment for Sustainable Development</p>
<p>8</p> 	<p>Employee Responsibility: Join Hands with Employees to Create the Future Social Responsibility: Repaying the Society and Taking Responsibility</p>
<p>9</p> 	<p>Operational Responsibility: Operating Excellence, Creating Value</p>
<p>10</p> 	<p>Employee Responsibility: Join Hands with Employees to Create the Future Social Responsibility: Repaying the Society and Taking Responsibility</p>
<p>11</p> 	<p>Social Responsibility: Repaying the Society and Taking Responsibility</p>
<p>12</p> 	<p>Operational Responsibility: Operating Excellence, Creating Value</p>
<p>13</p> 	<p>Environmental Responsibility: Protecting the Environment for Sustainable Development</p>
<p>16</p> 	<p>Governance Responsibility: Regulating Governance for Solid Development</p>
<p>17</p> 	<p>Operational Responsibility: Operating Excellence, Creating Value</p>

