



山西安装

Stock Code: 2520

2024

Environmental, Social, and Governance (ESG) Report of Shanxi Installation Group Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)



CONTENTS

About this report	04
Statement of the Board of Directors	05
Address by Chairman	06
About SIG	08
Figures of 2024	10
ESG management	12

Responsibility issue I 16

Expanding the low-carbon field, starting a new journey for SIG

Responsibility issue II 20

Building dreams along the Silk Road and bridging the feelings across mountains and seas

Future prospects	76
Annex	78

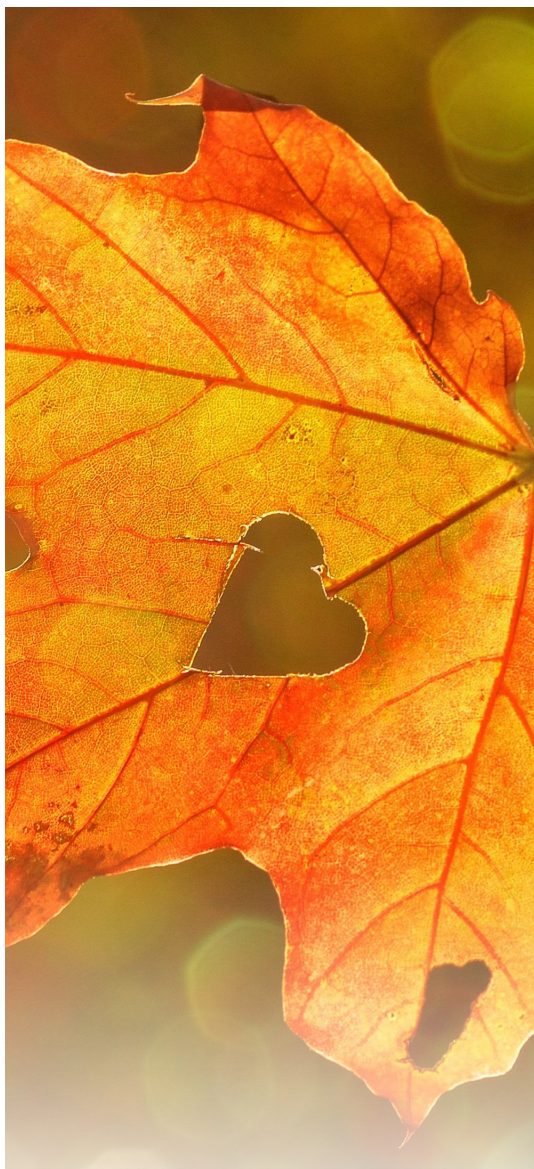
E Environment · Adding splendor to the green garden, and enjoying the harmony of the ecosystem

Combat with climate change	24
Environment management system	35
Promotion of green production	37
Implementation of green operations	43



S Society · Have noble character and do good deeds to achieve happiness and health

Protection of rights and interests of employees	48
Work safety escort	54
Moving forward with partners	57
Commitment to public welfare and charity	60



G Governance · Regulation and foundation for excellence

Effective corporate governance	64
Improvement of compliance system	66
Innovation-driven development	69
Meeting customer needs	72



About this report

» Report description

This report is the 2024 Environmental, Social, and Governance Report released by Shanxi Installation Group Co., Ltd. ("the Company", "we", or "SIG", collectively referred to as "the Group" together with its subsidiaries). We hope this report conveys the Group's philosophy and management practices in environmental, social, and governance (ESG) aspects, promoting understanding and communication among stakeholders.

» Report preparation standards

The Company has prepared this report in accordance with Appendix C2 *Environmental, Social, and Governance Reporting Guide (ESG Reporting Guide)* attached to the Listing Rules issued by the Hong Kong Stock Exchange. This report has been prepared in accordance with the "comply or explain" provisions set out in the *ESG Reporting Guide* and is based on reporting principles such as importance, quantification, and consistency, striving to fully reflect the Group's management status and performance achievements in ESG for the current year.

Principle of "importance"

During the preparation of this report, the main stakeholders and their concerned ESG issues have been identified. According to the relative importance of the issues they are concerned about, targeted disclosures have been made in this report.

Principle of "quantification"

This report presents the key performance indicators at the environmental and social levels through the use of quantified data. The measurement standards, methods, assumptions and/or calculation tools for the key performance indicators in this report, as well as the sources of the conversion factors used, have all been explained in the corresponding positions.

Principle of "consistency"

Unless otherwise specified, the statistical methods of data used in this report remain consistent from year to year.

» Report scope

The reporting period of this report is from January 1, 2024 to December 31, 2024. Unless otherwise specified, this report covers the same scope as *2024 Annual Report* of the Company, including Shanxi Installation Group Co., Ltd. and its subsidiaries.

» Data description

All data involved in this report are derived from the Group's internal documents or statistical reports.

» Report statement

This report is published in two languages: Traditional Chinese and English. In case of any discrepancies in the report content, the Chinese version shall prevail.

Statement of the Board of Directors

SIG has established a three-tier ESG structure of "overall leadership of the Board of Directors, implementation led and organized by ESG Committee, and specific implementation of ESG Execution Team, which is fully responsible for evaluating and supervising the Company's environmental, social, and governance operations. The Board of Directors is the highest responsible and decision-making body for ESG matters, bearing overall responsibility for the Group's ESG strategy and reporting. It is responsible for assessing and determining ESG risks and opportunities, regularly listening to and reviewing the progress reports of the ESG Committee, and comprehensively supervising and managing the Company's matters related to ESG. The Board of Directors holds regular meetings annually to discuss ESG management strategies and important matters, evaluate the importance of ESG issues, and provide rational suggestions for the formulation of ESG management policies and strategies.

This year, the Board of Directors has participated in the

identification, assessment, prioritization, and management of the Company's key ESG issues, clarified the annual work priorities, and completed the formulation of the Company's ESG indicators and goals. In accordance with the Company's ESG-related systems, each department strictly fulfills its responsibilities, conducts self-assessments of the completion status and goal achievement of ESG indicators for each module in 2024. Meanwhile, the Board of Directors regularly reviews the progress of goal completion to ensure the achievement of goals.

The Group will continuously strengthen the Board of Directors' participation mechanism in ESG work to consistently implement the Group's related tasks of ESG and promote the continuous improvement of the Company's ESG level.

This report provides a detailed disclosure of the progress and effectiveness of the aforementioned ESG work for this year, which has been reviewed and approved by the Board of Directors in March 2025.

Board of Directors

April 2025

Address by Chairman



At present, the accelerated implementation of the “Dual Carbon” strategy and the profound restructuring of the energy landscape are generating both opportunities and challenges for corporate development. Shanxi Installation Group (SIG) has remained true to its original aspirations, seized market opportunities, consolidated its professional expertise, and accelerated its transition into high-value sectors such as low-carbon and environmentally friendly initiatives, green energy concessions, and asset operation services, continuously forging a new chapter in high-quality development.

Uphold Professional Excellence, Solidify the Development Foundation

SIG has deepened its expertise in specialized sectors including chemical engineering, municipal services, power, electromechanical systems, and metallurgy. In 2024, the Group secured new professional contracts totaling RMB 16.857 billion, marking a 3.87% year-on-year growth compared to 2023, and demonstrating sustained enhancement in market competitiveness. SIG has secured landmark projects including: Hefei Xinqiao International Airport S1 Line – the largest single-scale rail transit project undertaken by the Group to date; and Qiya Xinjiang Group's 6 Million Metric Ton Coal-based Methanol Project – the world's largest single-unit coal-to-methanol facility. By delivering these mega-projects through professional expertise and high-quality services, the Group has gained strong market recognition and laid a solid foundation for high-quality development.

Strategic Positioning, Focus on Transformation Breakthroughs

SIG has intensified its strategic focus on low-carbon and environmental sustainability, with a sustained commitment to green energy concessions. In 2024, the Group solidified its leadership in clean energy by securing the Ulanqab Siziwang Banner Cogeneration Heating Project. SIG has secured construction and demolition (C&D) waste management projects in Changzhi and Linfen, pioneering an innovative “Resource Valorization + Circular Economy” model, which drives urban solid waste volume reduction and environmentally sound treatment. Concurrently, the Group has been commissioned to deliver the Taiyuan Wusu International Airport Zero-Carbon Demonstration Project. We have also operationalized distributed PV systems in integrated industrial parks in Changzhi and Linfen, while driving green upgrades for industrial facilities, collectively advancing cities' transition to low-carbon ecosystems. The Group has achieved a strategic breakthrough by securing 300MW new energy development quota, while winning bids for the Taonan Wind-Biomass Hybrid Green Methanol Integrated Demonstration Project and 5 energy storage system projects. Notably, we obtained China's first batch of Green Electricity Certificates, establishing an operational pipeline for “green power trading + carbon asset management synergy”. The Group has established a strategic foothold in the hydrogen economy, launching 15 R&D initiatives spanning renewable-powered hydrogen generation and hydrogen-ammonia-methanol conversion pathways. Notably, its “chemical depolymerization technology for decommissioned wind turbine blades” was selected as a Key Project under Shanxi Provincial Major Science & Technology Program, demonstrating technological readiness for end-to-end clean energy value chain integration. The Group has pioneered an innovative EPC-O (Engineering, Procurement, Construction & Operations) integrated model, securing 8 O&M contracts in locations including Wenshui, Pinglu and Xiaxian counties. Its service portfolio now spans wastewater treatment, energy station operations, and industrial facility management, establishing comprehensive lifecycle capabilities across “project development – operational excellence – value-added services”.

Capital Empowerment, Strengthen Development Momentum

Since its listing on the Hong Kong Stock Exchange on November 22, 2023, SIG has strengthened its capital market strategy by introducing Mingyang Group as a strategic investor, with the latter acquiring an additional 26.77 million shares. The Group has been

honored with multiple accolades including the “Exemplary Award for Listed Company Cultivation” and “Best Capital Operation Award”, achieved an “AA+” entity credit rating upgrade, and maintained Grade A Tax Credit status for six consecutive years. The Group continuously optimizes its financing structure, with the comprehensive financing costs reduced from 5.51% to 5.02%, providing low-cost financial support for the construction of green projects.

Enhance Management Capabilities, Boost Operational Efficiency

Amid complex market conditions, SIG has enhanced its corporate governance by optimizing the operational mechanisms of its “Three Committees and One Executive Layer”, issuing 41 regulatory disclosures throughout the year with a zero non-compliance record. The Group restructured its organization by establishing, merging, and streamlining 33 business units dedicated to emerging sectors like new energy, improving market responsiveness. Through implementing a direct project management model with centralized hubs for project control, commercial management, and material procurement, the Group achieved cost reduction and efficiency gains in national-level initiatives such as the Integrated Computing Power Infrastructure Project. These efforts drove continuously improving client satisfaction and earned the Group industry accolades including “Excellence in Quality Management Enterprise”.

Lead with Technology Innovation, Strengthen Talent Support

SIG has prioritized scientific innovation and digital transformation, initiating 211 R&D projects in 2024. The Group developed three pioneering platforms – BIM-enabled intelligent design, BIM+ smart construction, and BIM+ digital cost control – all certified as domestically leading technologies.

Concurrently, we refined talent management by establishing 14 professional career progression frameworks, executing 300+ strategic workforce deployments annually, and launching the “Youth Leadership” program that included executive training at Huawei to cultivate a versatile talent ecosystem.

Future Outlook: Steady Progress with Clear Objectives

As 2025 marks the culmination of China’s “14th Five-Year Plan”, the Group will leverage its comprehensive strategic framework to advance a global market expansion strategy. This includes consolidating dominance in chemical and municipal engineering sectors while accelerating overseas growth through “Belt and Road” Initiative-linked clean energy projects, supported by an integrated “plan-produce-invest-build-operate” service model. The Group will refine holistic business management to enhance client retention, project profitability, and risk mitigation, alongside reducing financing costs and optimizing equity structures to strengthen investor relations for capital-driven industrial growth. Centered on value creation, a dual-engine model combining “green energy concessions + asset value-added services” will be prioritized. Concurrently, the Group will systematically advance coordinated development across four pillars: safety, R&D, talent and party building.

At this new juncture, SIG will remain steadfast in its mission, anchored in professional excellence while prioritizing strategic transformation, to steadily advance along the low-carbon transition pathway. The Group is poised to collaborate with stakeholders in seizing green growth opportunities and co-creating sustainable value, contributing to both the achievement of China’s dual-carbon goals and the realization of high-quality enterprise development!



About SIG

Company overview

Shanxi Installation Group Co., Ltd. (stock abbreviation: SIG, stock code: 02520.HK), which was founded in 1952, grew out of the Second Installation Company of the Eighth Construction Bureau of Ministry of Construction Engineering. As a national high-tech enterprise, SIG tops 100 competitive enterprises in the field of China construction industry, and ranks as top 10 backbone construction enterprise in Shanxi Province. In addition, SIG is the first one to obtain the provincial quality award, national quality award and Asian quality award in China.

SIG has acquired complete qualifications, including "double - special and double - Class A" qualifications as the first provincial enterprise in China: special - grade general contracting qualifications for municipal public works and petrochemical engineering construction, and Class - A design qualifications for municipal and chemical - petrochemical - pharmaceutical engineering; three first-grade general contractor qualifications: power engineering, metallurgical engineering and mechanical and electrical engineering; three second-grade general contractor qualifications: mining engineering, water conservancy and hydropower engineering, highway engineering; B-grade designer

qualification: power and light textile (food fermentation and tobacco engineering); A-grade designer qualification: firefighting engineering, architectural decoration engineering, intelligent building engineering. SIG has also attained eight first-grade professional contract qualifications and qualification certificate of foreign operation rights authorized by the Ministry of Commerce of the People's Republic of China.

SIG creates a five-in-one ("design and consultation, investment and construction, building construction, component manufacturing, operation, maintenance and repair") fully industrial chain business mode. The Company has a listed subsidiary company in the New OTC Market, 3 A-grade design institutes, 3 research institutes, 3 subsidiaries of high-tech enterprise, a provincial technology center, more than 30 engineering (subsidiaries), 7 regional divisions and multiple overseas branches.

In 2024, SIG achieved an operating income of RMB 12.243 billion, a year-on-year increase of 11.59%; the net profit was RMB 210 million, a year-on-year increase of 1.93%; the net assets were RMB 3.343 billion, a year-on-year increase of 6.96%.

Company culture

SIG is committed to practicing the company values of 「Integrity, Pragmatism, and Perseverance」. It adheres to the company mission of 「Delivering High - Quality Works and Pioneering the Future」, and adheres to the principle of 「Honesty - centered and Integrity - emphasized」. It continuously improves industry qualifications, expands the industrial chain, accumulates innovation achievements, and enhances service quality. Centering around customers, it provides high - quality services to them, and is determined to become 「the most competitive modern engineering service provider in China」.

Company vision

To become the most competitive modern engineering service provider in China

Core values

Integrity and pragmatism, perseverance

Company mission

Dedicating excellence, creating the future

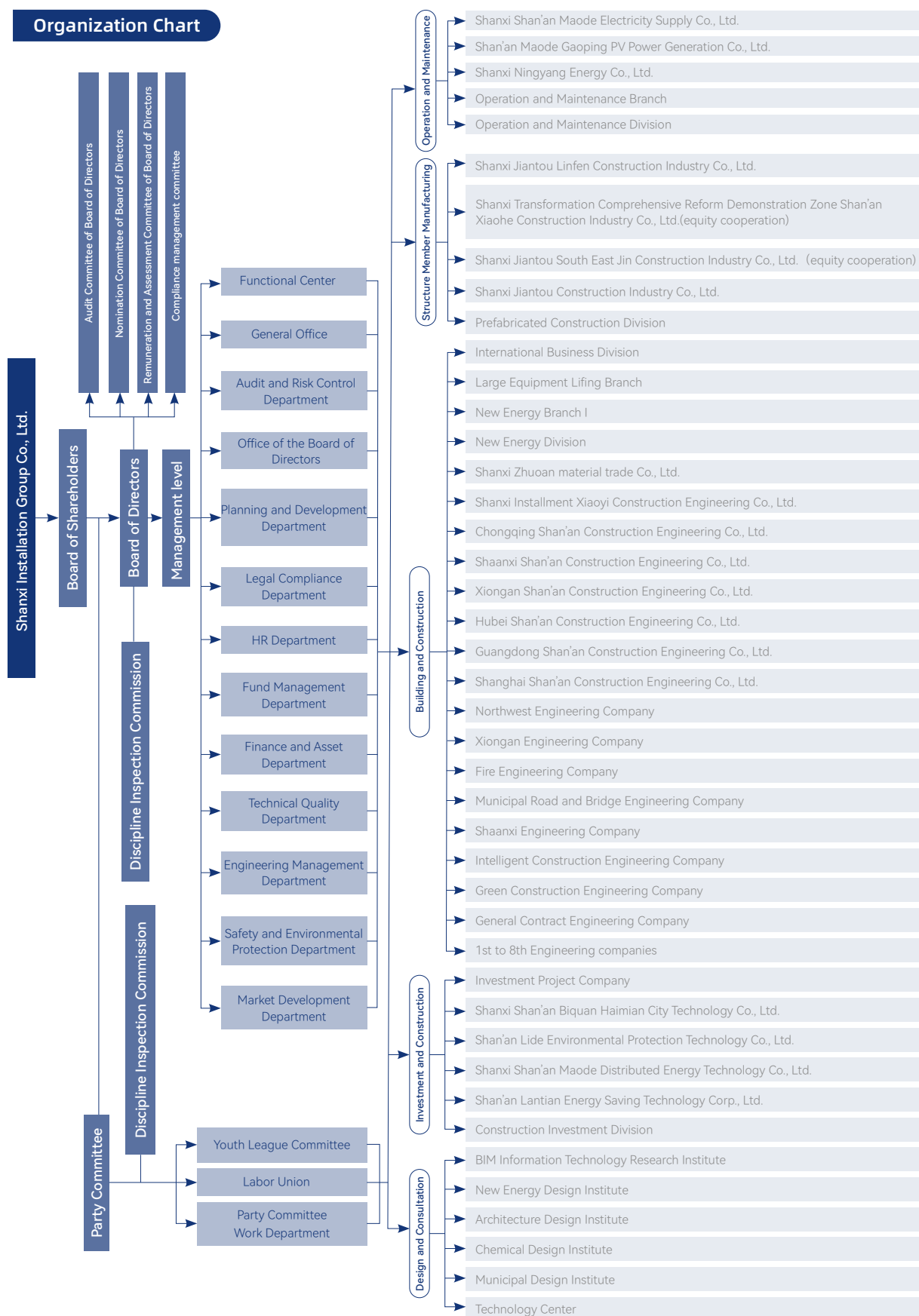
Corporate principles

Integrity first, ethics foremost

Company spirit

Red star spirit

Organization Chart



Figures of 2024

Environmental performance

Total investment in environmental protection:

RMB**5,236,700**

Investment in energy conservation and emission reduction related technological upgrade:

RMB**2,420,300**

Carbon intensity:

1.054t/RMB 10,000

Comprehensive energy consumed is

34.45tce

Annual fresh water consumption:

636,700m³

Recycled water consumption:

9.459410,000m³

New energy green electricity:

37,261,300kWh



Social performance

Investment in work safety:
RMB**231.413**millionEmployee social insurance
coverage rate is**100%**Total investment in
employee training: RMB**450,000**

Total tax payment: RMB

214,470,000

Investment in rural revitalization: RMB

100,000

Economic performance

Total assets: RMB

24,124,161,000

Operating income: RMB

12,242,889,000

Total profit: RMB

224,752,000

Asset liability ratio:

86.14%

Total R&D investment: RMB

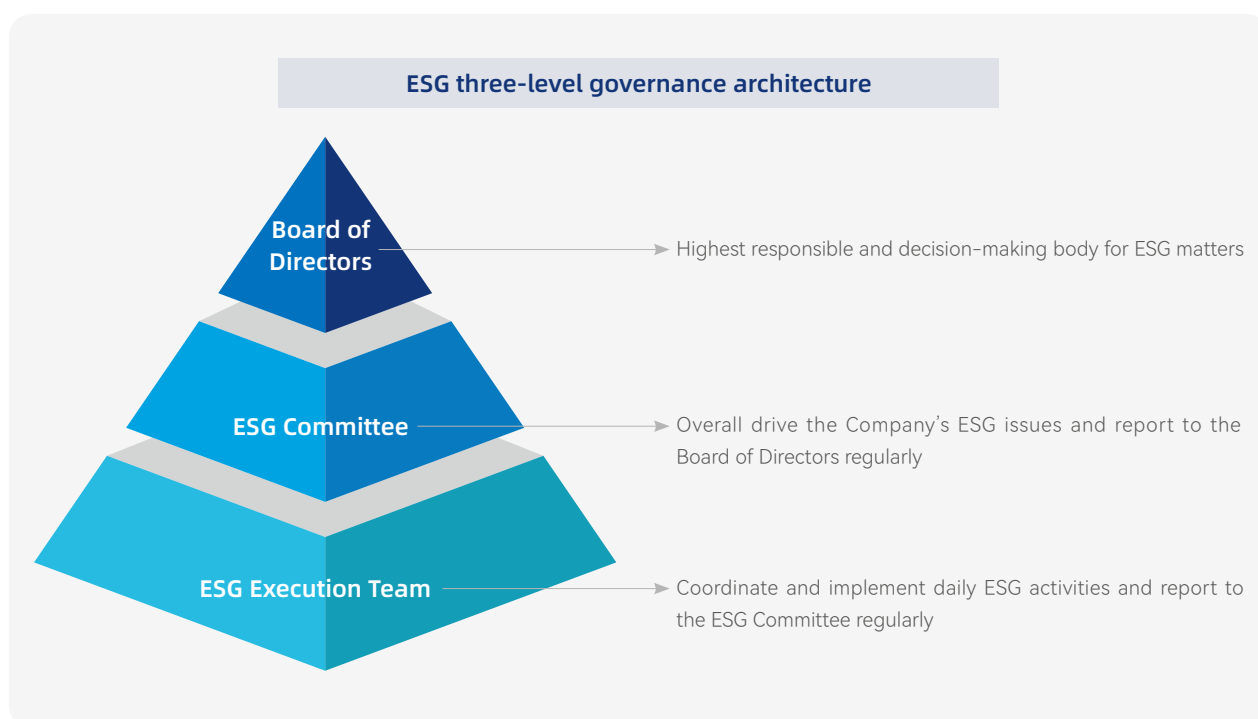
593,406,000

ESG management

SIG regards sustainable development as an effective guarantee for the Company's long-term and stable development. It identifies issues of concern to stakeholders, to conduct issue importance assessment, and clarify ESG management priorities. It strives to improve the Company's ESG management system by building an ESG framework, promoting good sustainable development performance.

ESG architecture

In order to fully and actively fulfill its corporate citizenship responsibilities, participate in building a harmonious society, and achieve coordinated development of enterprises and society, SIG has established an ESG structure consisting of the Board of Directors, ESG Committee and ESG Execution Team, to further enhance ESG performance and promote the Company's sustainable development.



Board of Directors

The highest responsible and decision-making body for ESG matters is responsible for assessing and determining the Company's ESG-related risks and opportunities, formulating ESG management policies and strategies, and monitoring and regularly reviewing ESG performance.

ESG Committee

It is responsible for conducting internal and external stakeholder importance assessment, executing the strategies and policies of the Board of Directors, overall promoting the Company's ESG matters, monitoring progress towards achieving goals and reporting to the Board of Directors in a timely manner.

ESG Execution Team

It is responsible for coordinating and executing daily ESG work, organizing the preparation of ESG reports, taking the lead in organizing ESG-related training, and reporting work to the ESG Committee regularly.

ESG risk management

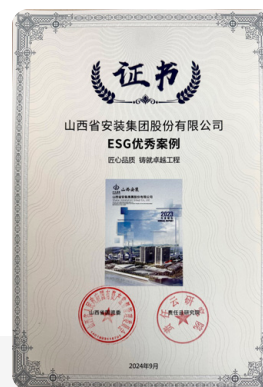
SIG continues to establish and improve a risk prevention and control work system, standardize the reporting of major operation risk events, take timely response measures, formulate a list of rights and responsibilities, conduct inspections of operation risk points, and promote the normalization of daily supervision and management.

The Board of Directors is responsible for ensuring that the Company establishes an appropriate and effective ESG risk management and internal monitoring system, and formulates relevant systems such as the *Measures for Safety Risk Identification and Grading Control of Shanxi Installation Group Co., Ltd.* and the *Management Measures for Project Risk Management Responsibilities of Shanxi Installation Group Co., Ltd.*, to ensure the Company's identification, prevention and control of relevant risks.

ESG practices

The *SIG 2023 Environmental, Social, and Governance Report* was disclosed as a separate chapter in the 2023 annual report. It was officially released in September 2024 at the Concentrated Release Ceremony of the 2023 ESG Reports of Listed Companies Controlled by Enterprises under the Management of Shanxi Province and was granted the "Excellent ESG Case Award for Listed Companies Controlled by Enterprises under the Management of the State-owned Assets Supervision and Administration Commission of Shan Xi Provincial Government".

In 2024, SIG organized various departments and subsidiaries to conduct ESG training on ESG trends, compliance requirements of the Stock Exchange of Hong Kong Limited, and ESG information disclosure, enabling relevant personnel to gain a deeper understanding of ESG trends and compliance requirements. In 2025, SIG will compile and independently release its 2024 ESG report for the first time, providing more detailed, comprehensive, and authentic disclosure of the Group's practices in environmental, social, and corporate governance responsibilities.



SIG has been granted the "Excellent ESG Case Award for Listed Companies Controlled by Enterprises under the Management of the State-owned Assets Supervision and Administration Commission of Shan Xi Provincial Government".



SIG participates in the Concentrated Release Ceremony of the 2023 ESG Reports of Listed Companies Controlled by Enterprises under the Management of the State-owned Assets Supervision and Administration Commission of Shan Xi Provincial Government

Stakeholder communication

SIG has an understanding of opinions from various stakeholders on ESG issues through questionnaires and internal meetings, identifies and determines the importance of these issues. Based on the Company's business scope, we have identified six stakeholders: investors, government, employees, suppliers, customers, and the community.

Stakeholder	Expectations and needs	Communication and response
 Investors	<ul style="list-style-type: none"> • Financial performance • Company transparency • Protection of rights and interests 	<ul style="list-style-type: none"> • Enhance sustainable profitability of the Company • Routine information disclosure • Improvement of communication mechanism
 Government	<ul style="list-style-type: none"> • Compliance with law and discipline • Tax payment according to laws 	<ul style="list-style-type: none"> • Compliance management • Voluntary tax payment
 Employee	<ul style="list-style-type: none"> • Remuneration and welfare protection <ul style="list-style-type: none"> • Sound work environment • Vocational training and promotion <ul style="list-style-type: none"> • Work-life balance 	<ul style="list-style-type: none"> • Competitive remuneration system • Employee health and safety • Employee development and training • Employee caring activities
 Supplier	<ul style="list-style-type: none"> • Cooperative supply <ul style="list-style-type: none"> • Fair and just • Mutual growth 	<ul style="list-style-type: none"> • Improve supplier management system • Partner communication platform
 Customer	<ul style="list-style-type: none"> • Product quality and service standards • Protection of customer information • Improvement of customer satisfaction 	<ul style="list-style-type: none"> • Enhance product and service quality • Improve customer communication mechanism • Complaint and handling mechanism • Protection of consumers' rights and interests and privacy
 Community	<ul style="list-style-type: none"> • Create a harmonious community environment <ul style="list-style-type: none"> • Employment promotion • Public welfare and charity • Concern for vulnerable groups 	<ul style="list-style-type: none"> • Promote community culture <ul style="list-style-type: none"> • Job creation • Carry out public welfare projects <ul style="list-style-type: none"> • Volunteer service

Substantive issue identification

SIG conducts substantive issue assessment to identify ESG issues that are important or relevant to the Company and its stakeholders. Through regular specialized questionnaires and other various channels, the Company understands the demands of various stakeholders to identify ESG issues that are important to the Company and its stakeholders in the current business environment. Based on the identification and analysis results of substantive issues, we determine the content of this report to help stakeholders better understand the Company's ESG performance.



Issue identification

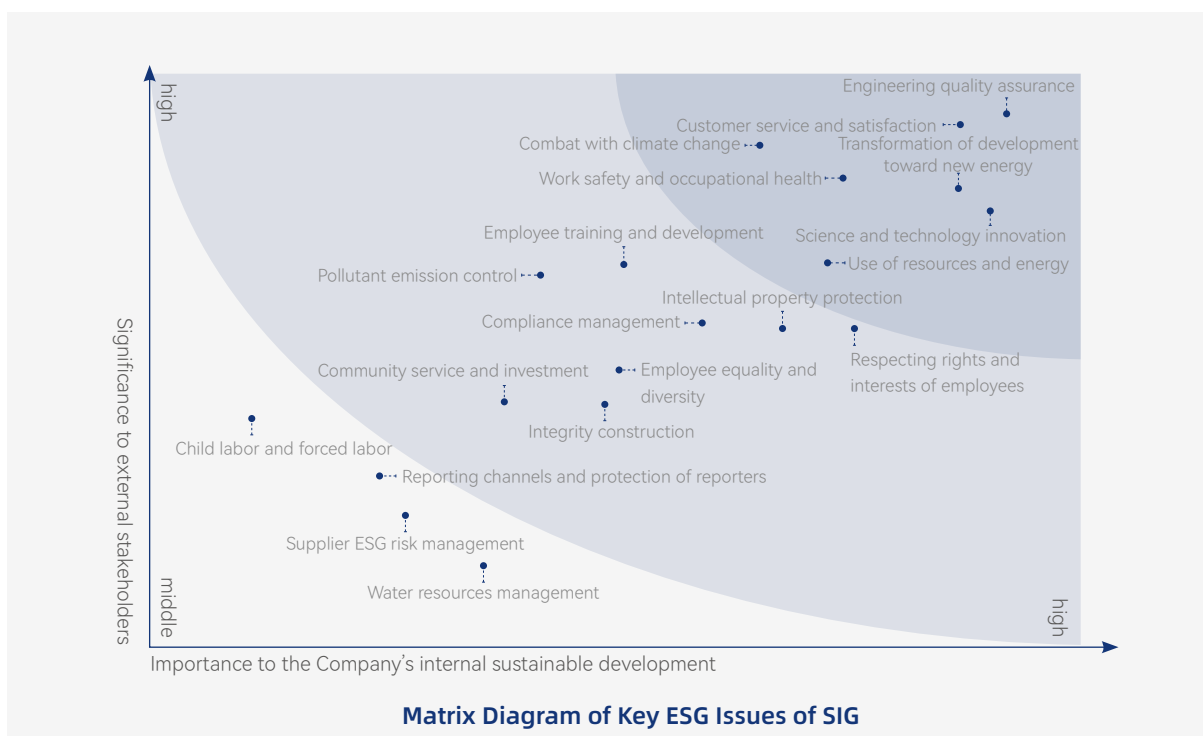
At the initial stage of report preparation, 20 ESG substantive issues that are highly concerned by stakeholders and closely related to the Company's responsibility work are identified as the key content of the report information disclosure by benchmarking against excellent reports in the same industry, conducting substantive issue research, and responding to disclosure requirements.

Research

An ESG substantive issue questionnaire is distributed to various stakeholders through online questionnaires and targeted push methods. Stakeholders score the issues from their own perspectives.

Establishment of ESG issue importance matrix

Based on the survey results, the importance of each issue is analyzed from both internal and external perspectives. According to the analysis results, core issues are ranked from the aspects of "importance to external stakeholders" and "importance to SIG", forming the ESG issue importance matrix.





Responsibility issue I

Expanding the low-carbon field, starting a new journey for SIG

SIG actively responds to the national green development strategy, fully promotes the strategic concept of "modern project service provider", "green energy supplier", and "low-carbon project operator", focuses on building a "low-carbon project operator", accelerates the expansion and implementation of low-carbon projects, and deepens the pace of transformation in all aspects. In 2024, SIG vigorously expanded low-carbon projects in new energy, clean heating, water environment management, solid waste disposal, distributed PV, etc. The newly signed contract value for new energy projects exceeded RMB 20 billion, accounting for nearly 50%. The green electricity of new energy was about 37,261,300 kWh.

New energy sector

The Company continues to improve the management structure of the new energy system, actively promotes a batch of new power system construction projects such as source-grid-load-storage, smart grid, and power trading. In 2024, the Company achieved the goal of undertaking 2GW of new energy projects in the PV and wind power construction sector. In collaboration with the East China Headquarters, the Company became the bid winner for 2 energy storage projects (Bulafu and Huaxi Special Steel), and a total of 5 energy storage projects throughout the year, continuously expanding the business market. The Company also became the bid winner for the Taonan Wind Power Coupled Biomass Green Methanol Integrated Demonstration Project, entering the green hydrogen production field and contributing state-owned enterprise strength to "Hydrogen Power in Jilin". The Company obtained the construction indicators for a 300 MW new energy project, creating a new engine for high-quality development of the Company.



This project will drive local employment and tax revenue, improve the reliability of power supply, ensure the safe and stable operation of the grid, and provide favorable conditions for improving the power structure and development of the grid.

Yingxian County Source-grid-load Shared Energy Storage Power Station Project



This project can provide approximately 170 million kWh of green electricity annually, offering stable power supply to surrounding areas, greatly optimizing the local power structure, and promoting local economic and social development.

Huaneng Fenxi 100 MW PV Composite Power Generation Project



CR Power Xingxian 100 MW Composite PV Project

This project has an average annual power generation of about 171,635,600 kWh, making full use of renewable and clean solar energy resources, and is an effective way to reduce greenhouse gas emissions and address energy supply shortages.

Clean heating sector

The Company focuses on the clean heating sector, making full use of industrial waste heat, geothermal energy, biomass energy, and other clean energy sources. Leveraging its patented low-grade energy hierarchical heating technology and absorption heat exchange technology, the Company has developed intelligent heating systems to achieve "clean heating" and "smart heating", contributing SIG strength to energy conservation.



Chahar Right Wing Rear Banner Combined Heat and Power Generation Franchise Project

This project is designed with circulating fluidized bed boilers, which can burn fuels with low calorific value for heating, improving the comprehensive utilization of resources. It can reduce dust emissions by about 760 t, sulfur dioxide emissions by about 681 t, ash and slag emissions by about 15,000 t, and carbon dioxide emissions by about 125,000 t annually.



Taigu Heating Project

The Taigu Heating Source Project utilizes hierarchical heating technology of low-grade energy to recover waste heat from power plants, providing heating for 76 million m² of buildings in Taiyuan. It is the largest single heat source in Asia, with a waste heat utilization rate of 100%, demonstrating significant energy-saving and emission-reduction benefits. Academician Jiang Yi of the Chinese Academy of Engineering praised the project as "a pioneering initiative in the history of heating, with excellent demonstration effects".

Water resource and environmental governance sector

The Company focuses on investment in the water sector and comprehensive water environment management, covering municipal water supply, urban and rural waste water treatment, industrial waste water treatment, and reclaimed water utilization, contributing to regional ecological civilization construction, improving living environments, and ensuring green sustainable development.



Through river management, the project improves the flood control system, enhances the water system's appearance, and helps achieve the ecological goal of "smooth rivers, clear water, green banks, and beautiful scenery".

PPP Project for the Comprehensive Management of the Fenhe River Urban Section in Xinjiang County



The project is designed to treat approximately 3.65 million t waste water annually, reducing COD emissions by about 1,314 t, significantly improving the water quality of the Laojiang River and the ecological environment of the coastal areas, ensuring the safety of the watershed water quality.

PPP Project for the Fourth waste water Treatment Plant and Supporting Pipe Network in the North New City of Linfen

Solid waste disposal sector

SIG focuses on early layout in the field of solid waste resource utilization, investing in and operating projects such as the Xiaohe Industrial Park in Shanxi Comprehensive Reform Zone and the Urban Construction Waste Resource Utilization Center in Jinzhong City, deeply researching solid waste disposal technologies, and developing new green building materials. Collaborating with Ruiguang Thermal Power to promote solid waste resource utilization projects, efficiently converting industrial waste such as desulfurization gypsum and fly ash; simultaneously conducting research on the resource utilization of decommissioned equipment such as wind turbine blades, PV panels, power batteries, and energy storage facilities, improving the solid waste industry chain, and supporting regional resource recycling economy development.



The project is in a "mobile + fixed" disposal model, using a combination of "multi-stage crushing + multi-stage screening + multiple sorting" methods, with an annual capacity of 2 million t construction waste. The project has been listed as a "Provincial Key Project" by the People's Government of Shanxi Province and as a green and low-carbon science and technology demonstration project by the Provincial Department of Housing and Urban-Rural Development of Shanxi Province and the Ministry of Housing and Urban-Rural Development.

Shanxi Transformation Comprehensive Reform Demonstration Zone Xiaohe Industrial Park Construction Waste Resource Utilization Project (Phase I)

Distributed energy sector

The Company is deeply engaged in the distributed energy sector, providing a full chain of green and low-carbon services from consulting and design to investment, construction, and operation maintenance. It actively builds a rooftop distributed energy supply system for the remaining parks of Shanxi's modern construction industry, constructing a multi-energy complementary, energy-saving, and efficient energy utilization system. Currently, rooftop distributed PV projects with a total capacity of 17.02 MW have been completed at SIG Lide, Xiaohe, Jinzhong Park, Changzhi Park, and Decoration Park of Shanxi's modern construction industry. The annual power generation is approximately 18.69 million kWh, saving about 5,700 t standard coal annually, reducing CO₂ emissions by 14,022 t, SO₂ emissions by 91 t, nitrogen oxide emissions by 46 t, and dust emissions by 51 t.



SIG Lide Factory Rooftop Distributed PV Project



Responsibility issue II

Building dreams along the Silk Road and bridging the feelings across mountains and seas

The Indonesia Detian Coking Project, as the largest overseas chemical project of SIG with the tightest schedule and the most dispatched personnel, is one of the key projects of SIG in response to the "Belt and Road" initiative and in support of building a new development pattern of domestic and international dual circulation. SIG synergistically promotes the "hard connectivity" of infrastructure, the "soft connectivity" of rules and standards, and the "heart connectivity" of local people, continuously expanding new spaces for higher-level, more resilient, and more sustainable win-win development.



4.7 Mtpy Coking Project of PT Detian Coking Indonesia

Accelerating "hard connectivity" at a higher level

During the project construction, SIG overcame difficulties such as tight schedules, heavy tasks, difficulties in material and equipment allocation, harsh construction environments, and extreme weather, completing one key milestone after another, setting up a banner of "overseas competitive team", and demonstrating the strong comprehensive strength of SIG.

Key milestones of the Indonesia Detian Coking Project



On February 2, 2024, the 6# coke oven successfully started production



On June 4, 2024, the 3# coke oven successfully ignited for heating

"Soft connectivity" of enhancing efficiency with greater resilience

During the project implementation, the SIG project team cultivates a professional talent team proficient in chemical technology and international engineering standards, reserving core resources for the Company's international strategy. It actively explores overseas localized fulfillment models, successfully forms an efficient and reliable overseas construction team, and builds an "overseas competitive team" that is obedient, reliable, capable of charging forward, and winning battles.



SIG Indonesia Detian Coking Project Team

Promoting "heart-to-heart" connection in a more sustainable manner

The project team adheres to *Universal Declaration of Human Rights* and other international human rights standards, respects local Indonesian culture, religion, customs, and business etiquette, provides commuter buses for employees, and employs professional translators to reduce communication barriers, thus safeguarding employee rights. The team focuses on implementing a localized talent development plan, conducting "hands-on" skills training. Two-thirds of the project's workforce consists of Indonesian workers, which not only invigorates the project but also creates job opportunities, setting an example for the localization development of international projects.

On the journey to building a modern and strong enterprise, resolutely "going global" is the inevitable path for SIG to sprint towards becoming a "nationally renowned and industry-leading modern engineering service provider". SIG will continue to steadfastly advance the "comprehensive overseas" strategy, adhering to the "three-step" strategy of "going global by relying on existing platforms or partners, going global by making use of external resources or policies, and going global by independently building up capabilities and creating one's own brand", and start high-quality development for SIG with premium projects in the linkage of land and sea!



The project team compiled the *Guide for Overseas Personnel*

Environment·Adding splendor to the green garden, and enjoying the harmony of the ecosystem

Challenges:

Facing the severe situation of global climate change, SIG is encountering unprecedented environmental challenges and urgently needs to address the immense pressure of greenhouse gas emissions reduction. The use of traditional energy leads to high carbon emissions, severely affecting the Company's sustainable development image. The environmental management system must adapt to the complex impacts brought by business expansion, and effectively address issues caused by new pollutants and extreme weather events. Resource shortages and price fluctuations cause continuous increases in operation costs, making improving resource utilization efficiency and reducing consumption an urgent task.

Goal setting:

No general or above environmental pollution incidents; no yellow or above environmental public opinion incidents.

Progress review:

No general or above environmental pollution incidents occurred in 2024; no yellow or above environmental public opinion incidents occurred in 2024.

SDGs issues:



Chapter performance:

100% compliance rate for environmental impact assessments of newly started projects

The Company's comprehensive energy consumption per RMB 10,000 of operating income (comparable price) was **0.3373** t of standard coal per RMB 10,000

Water consumption per RMB 10,000 of operating income is

0.78 t/RMB 10,000

a **3%** decrease compared
to the same period last year

100%

disposal rate of harmful waste

100%

compliance in waste water treatment

Combat with climate change

Climate change is a severe challenge faced by all humanity, requiring coordinated address by international efforts. As a corporate citizen, SIG deeply recognizes the necessity of greenhouse gas reduction, actively fulfills social responsibilities, and responds to global climate governance requirements. Based on the *Paris Agreement* and other international frameworks, the Company has incorporated climate change response into its strategic planning, providing corporate solutions to achieve the "carbon peaking and carbon neutrality" goals.

Governance

Governance architecture

SIG refers to documents such as the HKEX *Climate Information Disclosure Guidance*, IFRS S2 to establish a climate change governance architecture, comprehensively overseeing the impact of climate change issues on the Company's business and operations, and systematically conducting climate change risk management, strategy formulation, and information disclosure.

Role	Organization	Responsibilities
Highest responsibility and decision-making body	Board of Directors	It approves the Company's climate change management strategy, medium- and long-term plans, annual plans, and climate change risk control objectives. The Board of Directors reviews the Company's ESG report annually, to ensure compliance with the disclosure requirements of the listing rules.
Main leadership body	ESG Committee	The Company's Executive Director and General Manager serve as the Chairman, being mainly responsible for reviewing the Company's climate change strategy, understanding and assessing the potential impacts of climate change risks, and reviewing climate change risk management content. Overall promote the Company's ESG matters, monitor the progress of goal achievement, and timely report to the Board of Directors.
Execution body	ESG Execution Team	It is composed of different departments, to coordinate and execute daily climate change risk-related work, arrange and deploy the Company's climate change risk management, and organize and coordinate risk management in their respective areas. Organize the preparation of the ESG report, and regularly report to the ESG Committee.
Implementation and execution	Safety and Environmental Protection Department of Company Headquarters	Main responsibilities include assessing the impact of climate change risks, developing action plans to mitigate climate change impacts, and executing specific tasks.
	Subsidiaries	Organize the establishment of their own risk management systems, implements the Company's decisions on climate change response, and strictly manages carbon emissions and energy-saving goals.

Professional skills enhancement

The Company selects directors and managers with expertise in green and low-carbon fields to provide professional support and guidance; professionals establish specialized working groups to ensure the effective execution of related tasks; training programs are formulated and implemented to provide a solid professional foundation for the Company's climate change research and management optimization.

Information reporting mechanism and supervision status

The Company has established internal reporting and supervision mechanisms for addressing climate change issues and has incorporated climate change-related work into its internal control system. The Board of Directors and the ESG Committee review relevant reports annually, and the management reports the progress of related work to the Board of Directors and the ESG Committee each year. The Company's management holds regular meetings to listen to reports from management departments on strategy execution, work performance, and future work objectives, providing guidance and supervision over the execution of related tasks. Affiliated companies promptly report work progress to their respective management departments.

The Company includes energy conservation and environmental protection and other low-carbon development indicators as binding indicators in the annual performance evaluations of the management and affiliated companies.

Incorporation of relevant factors into decision-making

When formulating overall development strategies, supervising strategy implementation, making major transaction decisions, and managing risks, the Company fully considers the goals of the *Paris Agreement*, the 2030 Agenda for Sustainable Development, and other international conventions, as well as *Notice of the State Council on Issuing an Action Plan for Achieving Carbon Peak before 2030* and other policies issued by the *Chinese government*. The Company has released the *Carbon Peak Action Plan of Shanxi Installation Group Co., Ltd.*, to promote the transition of various business organizations towards "carbon peaking and carbon neutrality" goals.

Strategy

Climate scenario analysis

SIG refers to the HKEX *Climate Information Disclosure Guidance*, to take the publicly available scenario overview from the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) as the basis. Comprehensively considering factors such as socio-economic environment, business nature, and geographical location, it selects two different climate scenarios (low emission and high emission), to conduct a qualitative analysis of the potential climate change risks and opportunities the Company may face.



Physical risks

The Company applies two representative greenhouse gas concentration scenarios from the Intergovernmental Panel on Climate Change (IPCC), namely the extreme weather scenario (SSP5-8.5) and the low-carbon transition scenario (SSP1-2.6). For physical risks, SIG focuses on the impacts of extreme weather and global average temperature rise.

Scenario	Low emission scenario	High emission scenario
Source	Intergovernmental Panel on Climate Change (IPCC)	
Physical climate scenario	SSP1-2.6	SSP5-8.5
Scenario assumption and impact	<p>Adopt emission reduction measures in a large scale in the world, including using clean energy, improving energy efficiency, and adopting carbon capture technologies.</p> <p>The concentration of CO₂ in the atmosphere does not exceed 450 ppm by 2100.</p> <p>Investments in education and health have changed the population structure, promoted economic growth, paid attention to human well-being, and reduced inequalities both at home and abroad. Consumption trends are evolving towards lower material consumption and the improvement of resource and energy efficiency.</p>	<p>High energy demand and fossil fuel dependency lead to a significant rise in emissions.</p> <p>The concentration of CO₂ in the atmosphere reaches 1,350 ppm by 2100.</p> <p>The socio-economic growth is rapid, but technological advancement is slow. No effective emission reduction actions are taken, leading to catastrophic climate change impacts.</p>
Projected end-of-century temperature rise (°C)	Below 2°C	Above 4°C

Transition risks

The Company applies the sustainable development scenario and the stated policy scenario mentioned in the report of *World Energy Outlook* issued by International Energy Agency (IEA), to analyze the macro-environment the Company may face. For transition risks, SIG focuses on the impacts of changes in external policies, markets, and technologies on the Company.

Scenario	Low emission scenario	High emission scenario
Source	International Energy Agency (IEA)	
Transition climate scenario	Sustainable development scenario	Stated policy scenario
Scenario assumption and impact	<p>There are large-scale clean energy technology innovations, including the development and commercialization of clean energy technologies such as solar power, wind power, bioenergy, and nuclear energy.</p> <p>The global energy system will undergo a fundamental transformation towards a cleaner and low-carbon direction. Fossil fuels are gradually eliminated.</p> <p>Adopt active energy policies and market reforms, to promote sustainable development.</p>	<p>The government will continue to implement announced policies and regulatory frameworks, including international agreements and domestic energy policies.</p> <p>Future energy demand will continue to grow, but the growth rate may be affected by improvements in energy efficiency and energy policies.</p> <p>Countries will continue to focus on energy security and take measures to ensure the stability and reliability of energy supply.</p>
Projected end-of-century temperature rise (°C)	Below 1.5°C	Above 2°C

SIG climate scenario analysis

Climate scenario parameters	Main factors	Low emission scenario	High emission scenario
Physical risks	Extreme weather	<p>The rise in sea level is relatively small, with an increase of 0.19 m by 2030 and 0.44 m by 2100.</p> <p>Some regions experience uneven precipitation distribution, with limited changes in precipitation intensity and a slight increase in the frequency of droughts and floods.</p> <p>The frequency and intensity of extreme weather events will increase to a limited extent.</p>	<p>The rise in sea level is relatively large, with an increase of 0.23 m by 2030 and 0.77 m by 2100.</p> <p>Most regions in the world are affected by droughts and floods, with a significant increase in the frequency and intensity of extreme precipitation events.</p> <p>The frequency and intensity of extreme weather events will increase to a large extent.</p>
	Technology	<p>With the global low-carbon transition, clean energy technologies such as solar power and wind power are rapidly developing and commercializing, increasing the demand for low-carbon technologies in the construction industry.</p>	<p>Technological progress is relatively slow, making it difficult to obtain advanced technologies for coping with extreme weather and energy conservation. In terms of disaster prevention and mitigation design and construction technologies for buildings, it is difficult to keep up with market demands for buildings to withstand extreme weather and environmental protection requirements, facing the risk of technological lag in competition.</p>
	Policy	<p>Environmental protection policies have significantly strengthened, and most countries and regions actively promote carbon neutrality plans. Domestic policies drive energy structure adjustments, increase the proportion of renewable energy, and continuously improve green standards and regulations in the construction industry.</p>	<p>Some countries and regions have failed to strictly implement carbon neutrality plans, hindering the implementation of international climate agreements. Although domestic policies are promoting energy conservation and emission reduction, the intensity and effectiveness of implementation may be limited. However, there is still a trend towards policy tightening.</p>
Transformation risk	Market	<p>Market demand for green buildings is growing, and customers prefer construction and installation companies that offer low-carbon and environmental protection technologies.</p>	<p>Market requirements for building safety and environmental performance continue to rise, and companies need to continuously improve the quality and environmental performance of building products. Extreme weather demands higher performance in building disaster prevention and mitigation. Meanwhile, affected by international policies (for example, the EU CBAM policy), the cost of export projects has increased, bringing greater market competition pressure.</p>

Identification of climate risks and opportunities

The Company follows the disclosure procedures stipulated in the *Climate Information Disclosure Guide* issued by the Stock Exchange of Hong Kong Limited, and conducts climate risk identification and analysis based on the framework of "climate-related risks, opportunities, and financial impacts" proposed by the Task Force on Climate-related Financial Disclosures (TCFD). Specific steps: The Environmental, Social, and Governance Committee reviews industry data, communicates with experts in risk management and sustainable development, conducts industry analysis, performs web searches, and executes internal and external audits to conduct a thorough review of industry risks; organizes cross-departmental management meetings to deeply discuss climate-related risks and develop a risk list.



List of Major Risks

Policy changes made to achieve the "carbon peaking and carbon neutrality" goals;

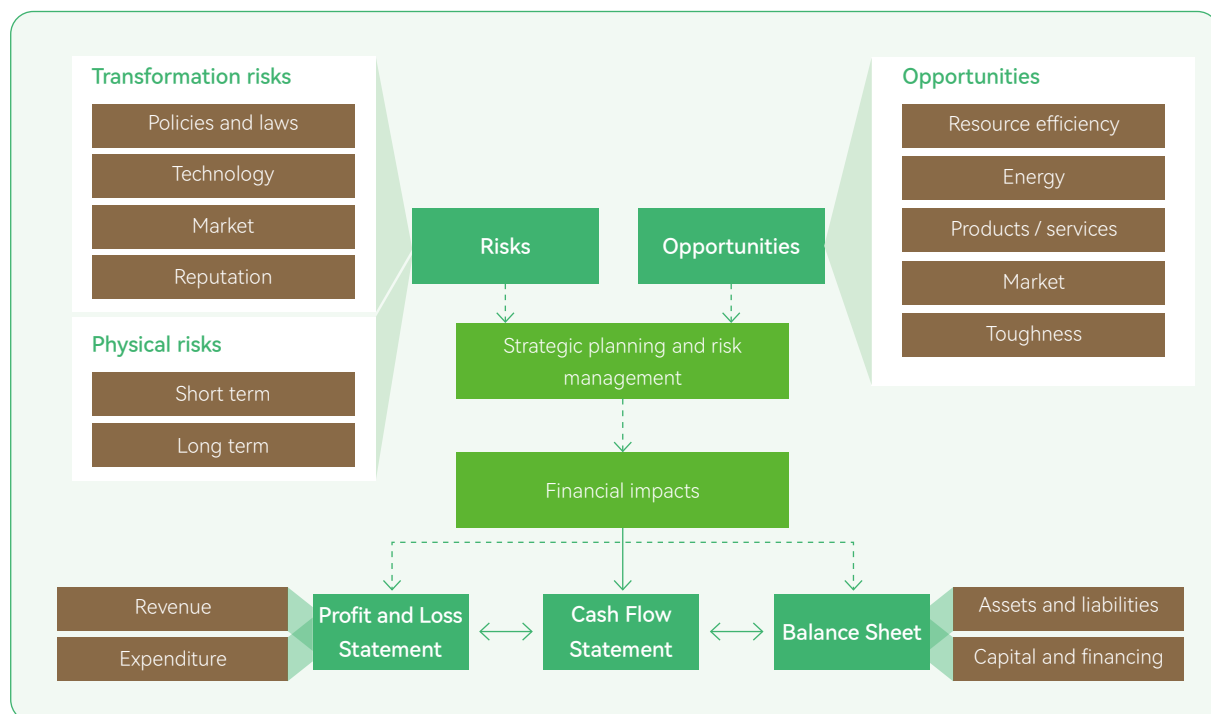
Technical risks

Market risks

The severity of extreme weather events has increased.



Climate-related risks, opportunities, and financial impacts



Assess the impact of significant risks on the Company's business and their relevance to specific business functions by developing scenario analysis and identifying climate-related risks. Time range: In the analysis of climate risks and opportunities, SIG divides the time scale into three stages based on the risk impact time range: short term (1-3 years), medium term (3-10 years), and long term (10 years and above).

List of SIG Climate Risks

Type of climate risk			Business operation	Financial impact	Reporting period
Physical risks	Extreme weather	Rainstorm and flood risk	Construction progress is hindered, causing project delay; construction equipment and materials are damaged, increasing the difficulty of material allocation and replacement; the safety of on-site personnel is threatened, requiring adjustments to construction plans and safety measures; the quality and stability of completed projects are affected, increasing maintenance and repair work.	Increasing construction costs; facing contract compensation	Short and medium-term
		Increase in frequency of sandstorms	Affect the construction environment, reduce construction efficiency; damage construction equipment, shorten the service life of the equipment; threaten the health of construction workers, increase the need for labor protection measures; affect the appearance and quality of buildings, increase cleaning and repair work.	Increase in operating expenses	Short and medium-term
		Temperature rise	High temperature affects the health and work efficiency of construction workers, slowing down construction progress; the performance of some construction materials is affected by temperature, such as quick paint drying or fast concrete water evaporation, affecting construction quality; it may require adjusting construction time, to avoid high-temperature periods, reducing construction efficiency.	Cost increase	Short and medium-term
		Low temperature risk	Affect the performance of construction materials, such as prolonged concrete setting time and brittle steel, increase in construction difficulty and quality risks; decrease in efficiency of construction workers in low-temperature environments, affect construction progress; it may require additional insulation measures, increasing construction costs and complexity.	Cost increase	Short and medium-term

Type of climate risk			Business operation	Financial impact	Reporting period
Transformation risk	Technology	Replacement of hydrogen energy technology	If hydrogen energy technology is widely adopted in the construction and installation industry, and SIG lacks relevant technical reserves, it may lose competitiveness in emerging business areas; existing businesses may be impacted.	Decrease in revenue, increase in investment cost	Medium and long-term
		Update of green building technology	If the latest green building technologies are not timely mastered and applied, it may be at a disadvantage in market competition and difficult to undertake green building projects.	Decrease in revenue, increase in investment cost	Medium and long-term
	Policies and laws	Stricter environmental protection policies	The construction process needs to comply with stricter environmental protection standards, increasing construction management difficulty and costs; it may face penalties such as fines and work stoppages for failure to comply with environmental protection.	Revenue decrease, cost increase and penalty expenses	Short and medium-term
		Carbon data accounting compliance	The HKEX requires the disclosure of scope 3 emissions. If carbon data cannot be accurately accounted for and disclosed, it may face regulatory penalties; it may be restricted in participating in some project bids or collaborations due to carbon data issues.	Decrease in revenue, increase in cost	Short and medium-term
		Carbon market risks	As for carbon trading price fluctuations, if the Company needs to purchase carbon emission rights, it may increase operating costs; changes in carbon market policies may affect corporate carbon asset management strategies, increasing management difficulty and uncertainty.	Cost increase	Short and medium-term

Type of climate risk			Business operation	Financial impact	Reporting period
Transformation risk	Market	Customer demand shift	If customer demands for environmental protection and intelligence in buildings are not timely met, it may cause customer loss.	Decrease in revenue, increase in cost	Short and medium-term
		Supply chain carbon tariff impact	If involved in export projects, it needs to bear the implicit carbon emission costs of upstream building materials, increasing project costs; it may cause supply chain instability, adjustment of price or supply strategies by upstream suppliers, affecting project progress; it may need to re-evaluate and adjust the supply chain.	Cost increase	Short and medium-term

List of SIG Climate Opportunities

Opportunity aspect	Opportunity impact
Carbon trading increases operating income	Carbon trading, as a new requirement, will drive the Company to actively participate in the carbon emission rights trading market. The Company can obtain income from carbon emission rights by participating in carbon trading; carbon sinks generated through the development of voluntary certified emission reduction projects can be traded on the national carbon market to generate benefits subsidizing the Group's business development.
Technological innovation and upgrading	The "carbon peaking and carbon neutrality" goals bring opportunities for the Company to promote technological innovation and upgrading, by increasing the research and application of low-carbon technologies and equipment, improving energy efficiency, and reducing carbon emissions. At the same time, the Company can actively introduce advanced environmental protection technologies and management experience to enhance its competitiveness.
Obtaining green credit support	In areas such as environmental protection, energy conservation, clean energy, green transportation, and green building, the Company can apply for bank green financial support, obtain low-interest green loans, and support the Group's transition to green and low-carbon business.
Improving the comprehensive competitiveness of the enterprise	The Company can reduce costs and improve competitiveness by reducing its own carbon emissions, and strive to become a provider of carbon emission reduction technologies and services, opening up new business opportunities.

Risk management

The Company strictly manages climate change risks and opportunities in accordance with the responsibilities, methods, and processes specified in the management system. Comprehensively considering the likelihood of risk occurrence, the degree of impact, and the actual situation of SIG to assess the risk level, it is divided into high, medium, and low levels by using qualitative analysis methods. Response measures are formulated, which are approved by the Board of Directors for execution.

Type of climate risk			Risk level	Measures
Physical risks	Extreme weather	Rainstorm and flood risk	Medium	<p>Strengthen early risk warning and emergency management: Cooperate with meteorological departments to obtain extreme weather warnings, formulate emergency plans and response processes, and clarify departmental responsibilities. Regularly organize emergency drills, to ensure rapid response when disasters occur and reduce losses.</p> <p>Optimize construction planning and technical measures: Fully consider climate factors during project planning, and reasonably arrange construction schedules and procedures. Research and develop and apply construction technologies and materials adapted to extreme weather, improving construction quality and safety.</p> <p>Enhance infrastructure and protection ability: Build comprehensive drainage systems, wind and sand prevention facilities, and insulation and cold protection facilities at construction sites. Strengthen the protection and maintenance of construction equipment to ensure normal operation under extreme weather conditions.</p>
		Increase in frequency of sandstorms	Low	
		Temperature rise	Low	
		Low temperature risk	Low	
Transformation risk	Technology	Replacement of hydrogen energy technology	Low	<p>Pay attention to the development of hydrogen energy technology, and cooperate with scientific research institutions and universities to promote the R&D of hydrogen energy building installation technology. Establish an R&D center, cultivate technical talents, and strengthen the Company's reserves in hydrogen energy technology applications.</p> <p>Actively participate in industry technology exchange activities, timely introduce and absorb advanced green building technologies, and promote the Company's technological upgrade. Establish an incentive mechanism for technology innovation, and encourage employees to engage in technology innovation activities.</p>
		Update of green building technology	High	

Type of climate risk			Risk level	Measures
Transformation risk	Policies and laws	Stricter environmental protection policies	High	Environmental compliance: Monitor climate change policy updates and adjust strategic planning accordingly. Establish strict environmental protection systems and processes to ensure that all departments and posts fulfill their environmental protection responsibilities. Increase investment in environmental protection equipment to enhance the Company's environmental protection standards.
		Carbon data accounting compliance	Medium	Carbon management measures: Establish a carbon data management system to ensure accurate and complete data. Designate a special person for accounting, and strengthen employee training to improve accounting capabilities. Participate in carbon market trading, and reduce costs through effective carbon asset management.
		Carbon market risks	Medium	
	Market	Customer demand shift	High	Customer demand response: Establish a customer demand tracking mechanism, and understand changes in customer demand for environmental protection, intelligence and other aspects in time. Expand investment in the field of new energy, and promote the development of green buildings and smart energy projects. Strengthen brand building, and enhance market competitiveness.
		Supply chain carbon tariff impact	Medium	Optimization of the supply chain: Evaluate and select low-carbon suppliers, establish stable cooperation, and jointly address carbon tariffs. Collaborate with suppliers to develop emission reduction plans, and reduce overall carbon emissions. Strengthen supply chain risk management, establish backup mechanisms, and prevent supply disruptions.

2024 Carbon Peaking and Carbon Neutrality Action Plan and Path

Action plan

- Improvement of building energy-saving standards: Adopt energy-saving technologies and green building standards to reduce building energy consumption and carbon emissions.
- Elimination of carbon emissions from building: Promote zero carbonization of building electricity and heat, use renewable energy, implement flexible electricity technology, and reduce carbon emissions during operation.
- Reduction of carbon emissions from building materials: Change the mode of building renovation, reduce material usage, and fully utilize local low-carbon materials, to reduce production and transportation carbon emissions.

Implementation route

- Promotion of new energy technologies: Widely use renewable energy such as solar energy and geothermal energy in buildings to reduce carbon emissions. Promote the integration technology of new energy buildings and improve building energy efficiency.
- Optimization of architectural design: Optimize building flow and functional layout, adopt passive design strategies such as natural lighting and ventilation, and reduce reliance on artificial lighting and air conditioning.
- Strengthening of building information management: Utilize technologies such as the IoT and big data, monitor and manage building energy consumption in real time, and improve energy efficiency. Establish a building carbon emission monitoring system to support carbon reduction.
- Promotion of energy-saving renovation of existing buildings: Conduct energy efficiency diagnosis on existing buildings, and develop and implement energy-saving renovation plans.

Indicators and goals

SIG formulates overall and short- and medium-term goals for carbon peaking and carbon neutrality based on actual business operations. The Company's Board of Directors and the Environmental, Social and Governance Committee regularly supervise the climate change-related goals and indicators, link goals such as "implementing dual-carbon actions" to management performance, and conduct annual performance evaluations, to ensure the effective achievement of set goals.

Overall goal

Ensure that the emission of carbon dioxide will reach its peak before 2030, actively explore effective paths, and strive to achieve carbon neutrality before 2060.

Medium-term goal

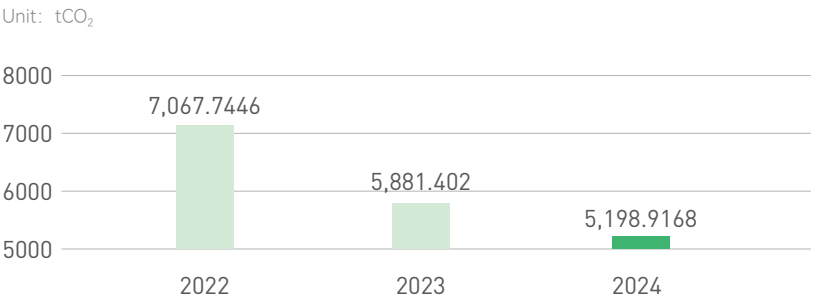
The total carbon emissions of Scope I and Scope II (10,000 t of CO₂ equivalent) will be controlled within a 50% increase by 2030 based on 2020.

The carbon emission intensity per RMB 10,000 of income (CO₂ equivalent/RMB 10,000) will decrease by 6% in 2030 based on 2020.

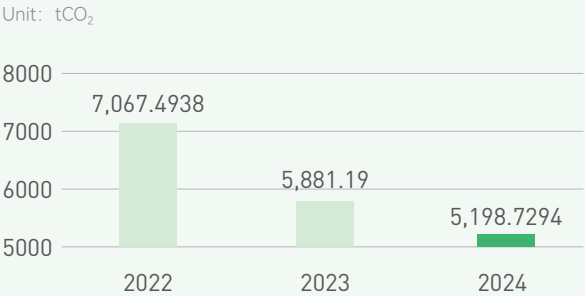
Short-term goal

Implement the carbon peaking action in a planned and step-by-step manner, steadily reduce carbon emission intensity, and ensure the achievement of the 2030 carbon peak goal.

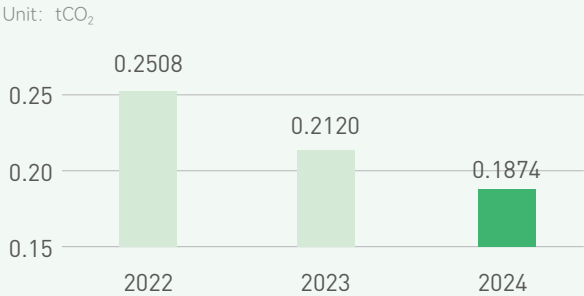
Total greenhouse gas emission



Greenhouse gas emission scope I ¹



Greenhouse gas emission scope II



¹Conduct accounting based on relevant factor data of public building operation enterprises in the national greenhouse gas emission factor database.

Environment management system

SIG considers "ecological protection" and "green development" as important factors in its corporate development strategy, strengthens comprehensive management of production and operation processes, continuously adjusts management measures based on actual conditions, and actively fulfills environmental protection responsibilities. In 2024, SIG obtained ISO14001:2015 and GB/T24001-2016 certifications for its environmental management system. The Company has no any environmental violations or illegal incidents.



Sustainable development goals

- The emission density of greenhouse gases will decrease by 30% by 2025 compared to 2020. The goal is being continuously achieved;
- The energy consumption density will decrease by 30% by 2025 compared to 2020. The goal is being continuously achieved;
- The water consumption density will decrease by 6% by 2025 compared to 2020, with the phased goal already achieved.;
- The phased goal of achieving 100% compliant storage and disposal of hazardous waste by 2025 has been achieved.



Improvement of institutional mechanisms

The Company strictly adheres to relevant laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, *Air Pollution Prevention and Control Law of the People's Republic of China*, *Water Pollution Prevention and Control Law of the People's Republic of China*, *Energy Conservation Law of the People's Republic of China*, and *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*, as well as local environmental protection management measures, and has established institutional policies such as the *Environmental Management Plan*, *Environmental Factor Identification and Evaluation Form*, *List of Critical Environmental Factors*, and *Environmental Emergency Response Plan*, continuously refining its internal environmental management system. Additionally, the Company has founded a "Dual Carbon" Research Institute to conduct regular analyses of environmental policies, and monitor regulatory updates in real time. In 2024, the Company further promoted the standardization of energy conservation and environmental protection, and released the *Environmental Protection Management System*; it investigated the natural and ecological environment, formulated environmental protection plans and specific measures, established the *List of Important Environmental Factors*, and prepared and implemented the Environmental Management Plan and special plans; it promoted the professionalization and standardization of energy conservation and environmental protection supervision and management, and advanced the modernization of the ecological environment governance system and governance capacity.

Strengthening of risk prevention and control

Before project construction, the Company conducts comprehensive surveys, precise identification and advanced layout of construction risks, designs emergency plans, and conducts emergency drills for major environmental factors. In the event of an environmental safety emergency or environmental pollution accident, immediately initiate the response program and proactively issue a report afterward, striving to do a good job in environmental remediation and aftermath. In 2024, the Company released the *Emergency Plan for Work Safety Accidents of Shanxi Installation Group Co., Ltd.*, and carried out analysis of key points of emergency management; it formulated emergency response plans for environmental emergencies, conducted emergency drills and special inspections for environmental pollution incidents, and continuously improved the prevention and emergency mechanisms.

Environmental assessment

The Company attaches great importance to the impact of the new business layout on the environment. Before the implementation of each project, an environmental impact assessment must be conducted to assess and sort out the possible impacts on surrounding air, water quality, soil, biodiversity and other environmental factors. A third-party organization is specifically responsible for safety assessment, social stability assessment and flood assessment, to continuously improve environmental performance. In 2024, the compliance rate for environmental impact assessments of newly started projects was 100%.

The Company strives to ensure the legality and compliance of projects during operation, establishes long-term monitoring and evaluation mechanisms, regularly inspects ongoing projects, and adjusts management measures in time based on evaluation results, to ensure that the impact of projects on the surrounding environment remains within acceptable limits.

Cultivation of green culture

SIG organizes special training on ecological environment protection in diversified forms, and continuously strengthens and enhances employees' awareness of ecological environment protection and environmental management capabilities, laying a solid foundation for the improvement of the environmental management level.



Environmental Protection Training Activities

Promotion of green production

SIG actively practices the philosophy of green production, conducts optimization of resource utilization, strengthening emission management, R&D of environmental protection technologies, and promotion of green construction, and is committed to forging a green path of coordinated economic and environmental development in the field of construction and installation, contributing to the green transformation of the industry.

Optimization of resource utilization

Energy saving

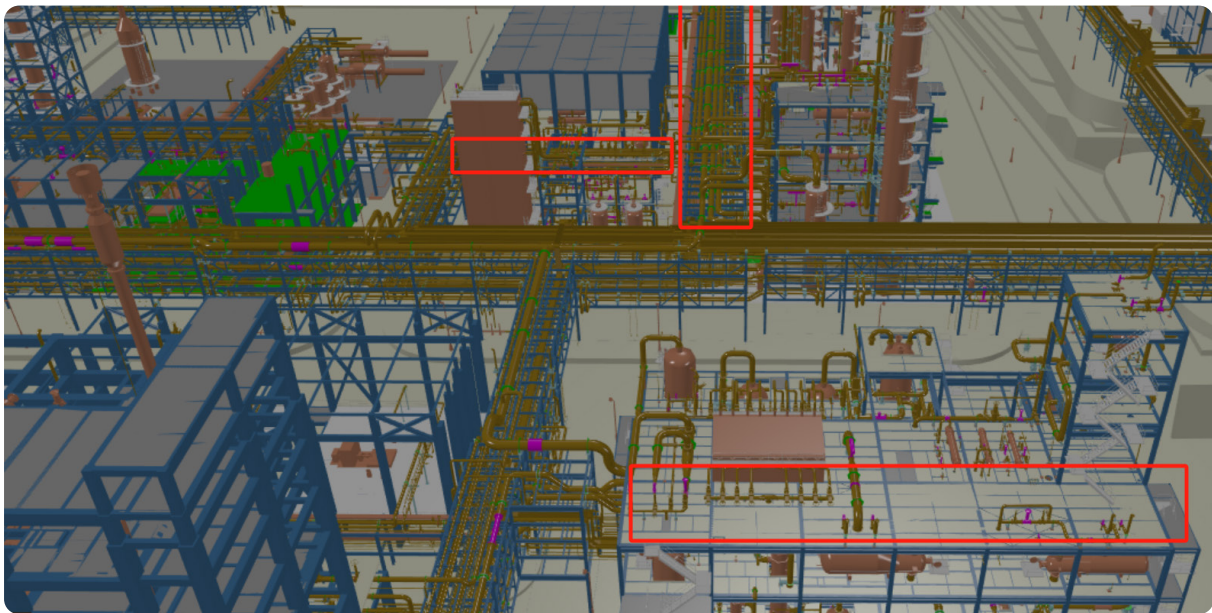
The Company focuses on improving energy management, and identifies and resolves energy waste issues in time; it actively promotes and applies high-efficiency energy-saving equipment, and deeply explores and applies new energy technologies, bringing long-term economic benefits.

Optimization of management systems

The Company integrates ecological and energy-saving businesses into the Safety and Environmental Protection Department, establishes a three-level energy governance architecture, and clarifies responsibilities at each level; it revises and improves energy-saving and environmental protection management measures to enhance management efficiency; it regularly monitors and evaluates energy efficiency goals, adjusts and optimizes measures, collects and organizes energy-saving and carbon reduction data, achieves real-time monitoring and regular reporting, and provides data support for policy formulation; it establishes assessment standards and reward and punishment mechanisms to motivate all employees through incentives and penalties.

Improvement of energy utilization efficiency

The Company reduces electricity, fuel and natural gas consumption through equipment upgrades, process optimization and efficient energy technologies; it introduces an intelligent energy management system to monitor and regulate energy consumption in real time, and promotes energy-saving technologies, to significantly reduce energy consumption and improve energy efficiency. In 2024, the Company's comprehensive energy consumption per RMB 10,000 of operating income (comparable price) was 0.3373 t of standard coal per RMB 10,000, which achieved the established annual goal of energy conservation and environmental protection.



BIM Material Saving Technology Used to Effectively Control Material Loss

Use of clean energy

The Company is fully committed to building a centralized and distributed renewable energy supply system, and deeply explores the potential of industrial waste heat and pressure utilization. It fully leverages its advantages in the field of PV, constructs rooftop distributed PV power generation projects, and adopts a "self-generation for self-consumption" model to integrate into the State Grid Corporation of China, achieving mutually beneficial and win-win cooperation with various rooftop property owners. As of 2024, the Company has built rooftop distributed PV projects at SIG Lide, Xiaohe and Jinzhong Park.



Goal »

By 2030, the proportion of renewable energy use will reach over 30%.

Shanxi SIG Maode Distributed Energy Technology Co., Ltd. successfully obtained the first batch of green power certificates

Actual progress »

As of 2024, the Company has achieved a non-fossil energy proportion of 3.11% by measures such as adopting clean energy, optimizing production processes, and adopting renewable energy and energy-saving technologies.

Water resources protection

SIG actively strengthens the utilization of water resources such as reclaimed water, rainwater and foundation pit dewatering, and fully covers water-saving devices in project and office areas; it provides strong support for the formulation and management of water-saving goals by collecting water usage data; it fully considers the risks of water resource use in all aspects of the project, effectively reduces waste and sewage generation, vigorously carries out water-saving publicity, posts water-saving prompts, sets up promotional signs at water points in the project and office areas, and conducts water-saving publicity and training activities, to create a water-saving atmosphere in all aspects. As of the end of 2024, the Company's actual water consumption was 636,700 t, with a decrease of 12% compared to the same period last year; the water consumption per RMB 10,000 of operating income was 0.78 t, with a decrease of 3% compared to the same period last year, achieving the goal in 2024.



Water-saving Activities

Strengthening of emission management

SIG continuously improves pollution prevention and control mechanisms, comprehensively manages air pollutants, waste water, waste, light pollution and noise pollution, strictly controls the emission of various pollutants to meet standards, and fully protects the ecological environment.

Air pollutant

The Company's exhaust emissions mainly come from processes such as boiler combustion and steel structure processing, including smelting, plate treatment, sandblasting, polishing and spraying. The main pollutants are nitrogen oxides, smoke (powder) dust, and volatile organic compounds (VOCs).

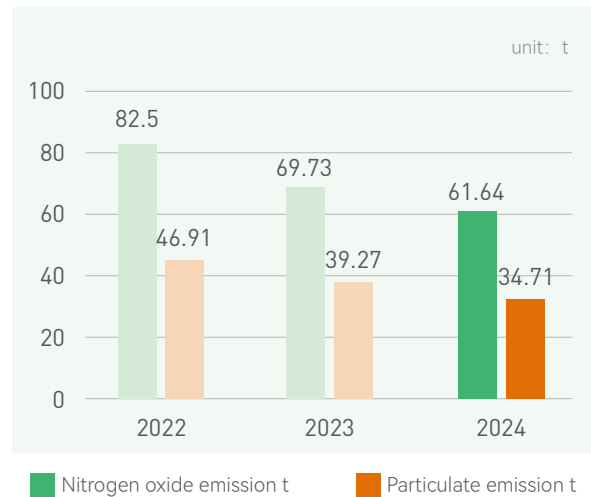
The Company sets a goal of reducing annual emissions of nitrogen oxides, smoke (powder) dust and volatile organic compounds with a revenue of RMB 10,000. To achieve the above goals, the Company adjusts its capacity structure and implements low-nitrogen transformation of gas boilers, to reduce carbon dioxide and nitrogen oxide emissions. In terms of smoke (dust) control, the Company takes control measures in transportation, storage, construction and production, and uses dust prevention nets to cover the bare soil on the construction site, arranges special personnel to sprinkle water on temporary roads to reduce dust, adopts a dust monitoring system on the construction site and connects it to the government supervision system, and installs an automatic spray dust suppression system, effectively reducing smoke (dust). The Company increases its investment in pollution control and industrial transformation, and adopts enclosed workplaces that generate harmful gases and dust for multiple projects. To manage VOCs, the Company installs activated carbon and filter cotton paint mist filtration systems on production lines, and renovates the overall workshop by VOCs management standards. In 2024, all major exhaust pollutants of the Company were within the permitted emission range, achieving standard emissions.

"Six 100%" control for smoke (powder) dust on construction sites

100% hoarding around the construction site	100% covering of stacked materials
100% washing of vehicles entering and leaving	100% hardening of construction site ground
100% wet method for earth excavation	100% confined muck transportation



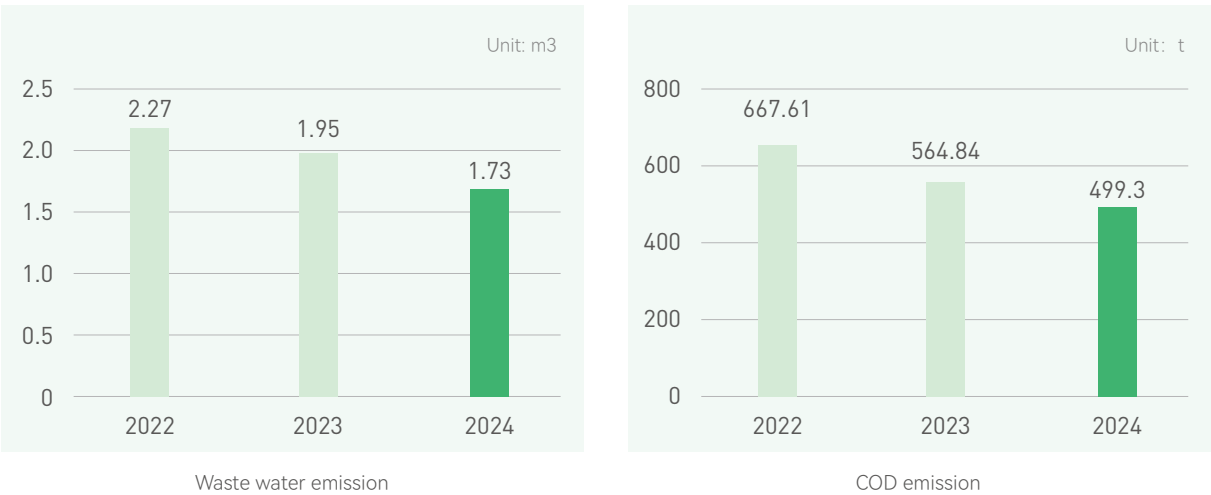
Air Quality Monitoring Equipment



Water Sprinkler Operation at Construction Sites

Waste water management

The Company's waste water emission mainly includes construction waste water and domestic sewage. For construction waste water, the Company sets up collection devices that use sedimentation tanks for collection and reuse; it carries out seepage, spill and leakage prevention in the warehouse where oil is stored at the construction site; it monitors the waste water that needs to be emitted by the prescribed frequency, to ensure that the emission concentration meets the emission requirements. For domestic sewage, the Company collects and stores it in sedimentation tanks, grease traps and septic tanks. The sewage is transported and treated by professional agencies after reaching a certain quantity. In 2024, the Company achieved 100% compliance in waste water treatment.



Waste management

Waste emission management

The waste generated during the Company's operations mainly includes construction waste and domestic waste. For harmless waste and construction waste, the Company will adopt a classification treatment method; for domestic waste, it uses enclosed containers for storage, which are approved by the government and processed by qualified organizations or places. In 2025, the Company plans to achieve 100% compliant storage and disposal of hazardous waste through waste classification management.



Unified Recycling of Waste Materials

Comprehensive utilization of waste

In 2024, the Company set a goal to reduce the emission of harmless and harmful waste per RMB 10,000 of output value year by year while maintaining a 100% disposal rate, even as its scale continues to expand. To achieve the above goals, the Company takes the construction organization plan as the main measure for harmless waste, implements standardized and regulated project construction requirements of "four savings and one environmental protection", increases investment in funds and environmental protection equipment, strengthens the recycling of harmless waste, and achieves a comprehensive utilization rate of 99% and a disposal rate of 100% for harmless waste. For hazardous waste, the Company selects qualified institutions for unified recycling in line with national regulations on hazardous waste management, achieving a 100% disposal rate of harmful waste.

The Company comprehensively promotes "waste reduction and resource utilization", and actively implements harmless treatment and comprehensive utilization of construction waste and soil. In the project, construction waste is reused for temporary road paving, bathroom corridor backfilling and trench backfilling; the annual recycling rate of construction waste reaches 75%, far exceeding the national standard of "striving for a reuse rate of more than 50%".

Light pollution

The Company actively takes measures to conduct green and energy-saving renovation of lighting fixtures, reducing the impact of light pollution. We renovate the lighting circuits and fixtures in large conference rooms, offices and public areas, replace the original single control method with remote control devices or control circuits, and prioritize the use of LED light sources or modules while meeting regional lighting requirements. We conduct construction within the specified time range, control nighttime construction lighting, and strictly prohibit tower crane searchlight sources from directly shining into residential buildings. In addition, occlusion measures will be taken for welding work to prevent the leakage of the welding arc. In 2024, the Company received no complaints regarding light pollution.

Noise management

In terms of noise management for engineering projects, the Company mandates that all project sites must be installed with noise monitoring equipment, to monitor project noise in real time and automatically issue alarms when exceeding specified limits, to ensure that noise control complies with national standards.

环境监测设备#1								
日期	时间	PM2.5(ug/m3)	PM10 (ug/m3)	噪音	温度(c)	湿度(%RH)	风速(m/s)	风向
2024/05/07	23:51	27	59	46.9	15.2	69.4	1.70	东东南
2024/05/07	22:51	26	56	48.7	16.4	66	1.20	东东北
2024/05/08	06:51	23	48	78	13	66.8	2.40	东东南
2024/05/08	05:51	25	52	55.6	10.6	76.5	1.20	南东南
2024/05/08	04:51	26	56	45.4	10.7	77.2	1.70	东东南
2024/05/08	03:51	26	55	50.4	11.5	75.6	1.60	南东南
2024/05/08	02:51	26	55	48.7	12.5	74.5	1.30	东东南
2024/05/08	01:51	28	62	47.3	13.6	73.5	1.90	东东南
2024/05/08	00:51	27	59	57	14.7	71	2.90	东东南

Environmental (Noise) Monitoring Equipment

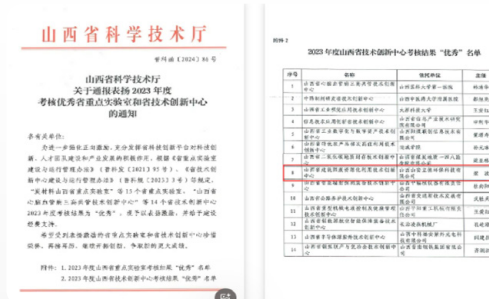
R&D of environmental protection technology

The Company relies on platforms such as the technology center, research institute, design institute, SIG Lantian, SIG Biquan and SIG Lide to deeply focus on new energy projects, clean energy heating, water treatment, solid waste treatment, and other resource recycling and environmental protection fields, to develop environmentally friendly and efficient technologies and equipment, and reduce the impact of projects on the surrounding environment. In recent years, the Company has formed a green and low-carbon building technology list through deep industry-university-research integration, which is widely applied in actual construction and production. In 2024, SIG Biquan's "Energy-saving and Consumption-reducing Technology for Urban Sewage Treatment Plants Based on Activated Sludge Function Regulation" was applied in sewage treatment plants in Qinyuan County and Anze County.

Case

SIG receives the "only" excellent science and technology innovation platform in the environmental field

In June 2024, the assessment results of the 2023 Technology Innovation Centers in Shanxi were announced. The Innovation Center for Resource Utilization Technology of Construction Solid Waste, led by SIG, was rated as "excellent", which was the only platform in the environmental field in the province to receive this rating. As of now, the center has industrialized more than 20 technological achievements, contributing to the construction of "a waste-free city" in Shanxi.



Promotion of green construction

SIG establishes a green construction management system. Before project commencement, it develops green construction plans, and widely promotes various green building and construction technologies, to control carbon emissions throughout the building's life cycle. In 2024, the Company won first and second prizes in the Green Construction Technology Competition for Building and Municipal Engineering by the China Construction Industry Association, 3 star-rated projects in the Green Construction Evaluation of Engineering Projects by the China Construction Enterprise Association, and 4 star-rated projects in the Green Construction of Chemical Engineering Projects by the China Association of Chemical Engineering Construction.

Case

Strictly adhere to environmental protection red lines, and standardize the management of hazardous materials on construction sites

SIG strictly enforces national standards for the release limits of hazardous substances in construction projects. For materials such as boards, coatings, adhesives and wallpapers, suppliers shall provide environmental protection grade test reports. Upon arrival, the environmental protection grade and data on pollutants such as formaldehyde and TVOC are recorded in detail and properly archived, to ensure that pollutants do not exceed standards during the construction process; hazardous chemical waste on construction sites is separately classified, stored in closed containers with clear labels, and professionally treated or returned to the factory for recycling by qualified organizations to reduce emissions and pollution.

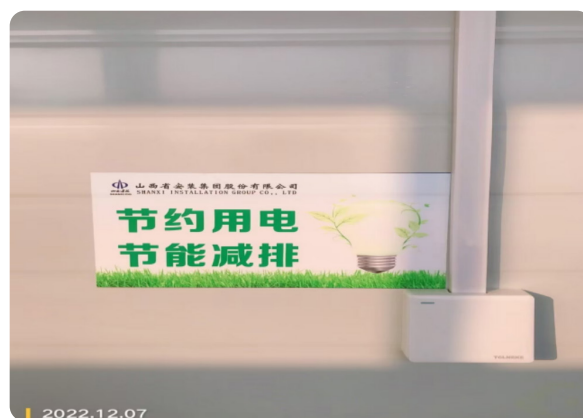


Implementation of green operations

SIG fosters a low-carbon and environmentally friendly work atmosphere through green office practices, improves resource utilization efficiency and reduces operational costs; it actively participates in environmental public welfare activities, and unities various forces to promote environmental protection; it emphasizes ecological conservation, enhances respect and care for the natural environment, and contributes corporate wisdom to ecological balance and biodiversity protection.

Practice of green business concept

The Company incorporates green office into the core of its sustainable development strategy, and creates a low-carbon and environmentally friendly green office atmosphere. It formulates comprehensive green office policies and clarifies the responsibilities of departments and employees; it coordinates the team and supervision mechanism, and enhances employee participation through training and publicity. In energy management, achieve significant results in the energy-saving renovation of lighting and air conditioning systems; realize the full coverage of water-saving devices for water resource management; strengthen the paper and supplies management, and promote paperless and on-line office work; strictly classify and recycle waste, and reduce the use of disposable goods by 60%. Achieve outstanding results for all measures, and effectively implement green development.



Posting Environmental Protection Slogans



Creation of an environmental protection atmosphere

SIG carries out various environmental protection education activities such as "World Environment Day", "National Energy Conservation Publicity Week" and "National Low-carbon Day", widely promotes environmental protection philosophy and knowledge to the public, mobilizes social forces to actively engage in environmental protection actions, and strives to stimulate the endogenous motivation of the whole society to jointly care for the ecological environment; it actively conducts environmental public welfare activities, continuously organizes the "stylish and vigorous action" voluntary tree planting activity for six years, increases green coverage, and jointly builds green parks.



"Stylish and Vigorous Action" Voluntary Tree Planting Activity



An Activity Themed Water-saving Organized by SIG Biquan and SIG Maode with the Youth League Branch

Ecological environment protection

SIG fully complies with national laws and regulations such as the *Regulations of the People's Republic of China on Nature Reserves* and *City Planning Law of the People's Republic of China*, avoids construction or development in national nature reserves, develops projects that meet green building standards, and reduces the impact on the ecological environment. It promotes ecosystem restoration, participates in the restoration and utilization of polluted and abandoned lands, bare rocks and gravel areas, assists in brownfield restoration, and restores the original natural ecology.

Land resource management

The Company incorporates ecological restoration into management from the early stages of the project, and ensures scientific site selection, standardized waste disposal, prior protection and active consumption. After the construction, cover the ground with suitable soil, clear construction waste, and restore the ground to its natural state. For temporary land use, the Company formulates and implements land use and reclamation plans, protects environmentally sensitive areas, and restores the land by regulations after the project is completed, to maximize the protection of the ecological environment.

Biodiversity protection

SIG adheres to the United Nations' *Convention on Biological Diversity* and relevant Chinese laws and regulations, incorporates biodiversity protection into corporate policies, and implements measures to reduce ecological impact. Biodiversity protection measures are implemented at all stages of the project. For example, avoid ecological redline areas, adopt noise and emission reduction technologies, and minimize impact on organisms. Additionally, the Company protects local biodiversity by rerouting and relocating animals.

Ecological governance and restoration

SIG actively fulfills its environmental protection responsibilities, advances the strategic task of building a beautiful China, completes multiple ecological governance projects in the Yellow River and Fenhe River basins, leverages the profound environmental governance advantages, and contributes unique solutions in watershed ecological governance, regional ecological restoration, etc., making the sky bluer, mountains greener, water cleaner and life better.



SIG participates in the Exchange Meeting on Comprehensive Utilization Technology of Typical Solid Waste in the Yellow River Basin

S

Society • Have noble character and do good deeds to achieve happiness and health

Challenges:

The accelerated evolution of global changes has made the internal and external environment more complex. In the tortuous and long path of progress, SIG shall achieve enterprise development with employees, partners, safety and responsibility for employees' emphasis on their rights, partners' expectations for cooperation, enterprises' attention to work safety, and society's scrutiny of enterprise responsibility. This is not only an inevitable choice for SIG to address current challenges, but also a necessary path for the Company to achieve sustainable development and create greater social value.

Goal setting:

Employee career development goals: Further improve the construction and application of career development channels, and guide each employee to find their development path.

Supplier management goals: Conduct hierarchical control of suppliers and improvement of performance quality.

Progress review:

The job-level assessment for basic management posts is completed, with a total of 2,326 people, 574 of whom passed the review, resulting in a promotion rate of 24.7%; the organization conducts qualification review and written defense for 237 personnel above Level-14 for promotion.

Develop comprehensive and objective evaluation criteria for suppliers (covering multiple dimensions such as product quality, supply schedule and after-sales service), and clarify various evaluation indicators and weights, to form a stable and reliable supplier system.

SDGs issues:





Chapter performance:

903 employee training sessions are conducted, with over **40,000** participants

The overall employee
satisfaction score is **86.82**

The total number of suppliers is
2,599

The department and third parties inspect and control **210** hazards, discover **2,352** safety hazards, and supervise the rectification

The "Zhiyuan Hui" APP has added **257** new registrations and accumulated **2,971.6** h of volunteer service credit hours.

Protection of rights and interests of employees

SIG always adheres to the philosophy of people-oriented, attaches great importance to the protection of employees' basic rights and interests, focuses on promoting employee growth, achieves common development and progress between employees and the Company, cares for employees, enriches their spiritual and cultural life, and comprehensively enhances their sense of happiness and belonging.

Protection of basic rights and interests

SIG strictly complies with relevant laws and regulations, such as the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China*, *Law of the People's Republic of China on the Protection of Rights and Interests of Women*, and *Regulation on the Prohibition of Child Labor*, which govern employment, dismissal, benefits, promotions, leave, working hours, equal opportunity, diversity, anti-discrimination, and other terms of employment and welfare. To safeguard employees' fundamental rights, the Company has established institutional documents such as the *Employee Recruitment and Employment Management Policy*, *Labor Contract Management Policy*, and *Employee Training Management Policy*, while continuously improving internal management mechanisms through multi-faceted measures.

Adhering to equal employment

The Company values a diverse workforce and ensures equal rights and interests for employees of all ethnicities, genders, and ages. We strictly prohibit gender discrimination and have established the *Special Regulations on Labor Protection for Female Employees* to safeguard the health and legal rights of female employees. The Company resolutely opposes the use of child labor and forced labor by verifying identity information during recruitment and strengthening oversight during employment. Any violations involving child labor or forced labor will be strictly addressed under legal and internal regulations, including providing proper arrangements for affected individuals. Additionally, the Company protects the rights of outsourced workers by signing third-party agreements that clearly define responsibilities, integrating their employment details into the Company's HR information system, and conducting monthly monitoring of wage payments and insurance contributions. The Company also enforces standardized social recruitment and campus recruitment processes to ensure full compliance with labor management regulations. During the reporting period, the Company has no major labor disputes or cases of employing child labor or forced labor.

Indicator		Unit	2024
Total number of employees		Person	3,704
Gender	Male	Person	2,705
	Female	Person	999
Employment type	Full time	Person	3,704
	Part time	Person	0
Job grade	High	Person	8
	Middle	Person	251
	Basic	Person	3,445
Education background	Postgraduate and above	Person	237
	Undergraduate	Person	2,657
	Junior college	Person	316
	Senior high school and below	Person	494
Age	Aged below 29	Person	724
	Aged 30-39	Person	1,756
	Aged 40-49	Person	684
	Aged above 50	Person	540
Region	China Mainland	Person	3,657
	Hong Kong, Macao and Taiwan	Person	0
	Overseas	Person	47

Indicator		Unit	2024
Turnover rate of employees		%	3.8
Gender	Male	%	4.2
	Female	%	2.7
Age	Aged 29 and below	%	5.8
	Aged 30-39	%	4.2
	Aged 40-49	%	2.6
	Aged 50 and above	%	1.3
Region	China Mainland	%	3.8
	Hong Kong, Macao and Taiwan	%	0
	Overseas	%	0

Improvement of remuneration and welfare

The Company issues regulations such as the *Notice on Strictly Implementing the Timely Payment of Employee Wages* and the *Notice on Standardizing the Performance Assessment of Project Departments*, and establishes a monthly salary payment notification mechanism; it issues the *Notice on the Revision of Individual Provisions of the Group's Remuneration Management Measures (Trial)* and conducts special remuneration inspections on all departments; it timely pays the five social insurances and one housing fund for employees, establishes a supplementary medical security system and enterprise annuity system, and effectively improves employee welfare. As of 2024, the Company's social insurance payment rate was 100%, and the payment rate of subsidiaries was 100%, with a total payable amount of RMB 155,395,800, and an increase of 11.57% compared to 2023; the Company's annuity payment rate was 100%, with an increase of 18.57% compared to 2023; the Company's accumulation fund payment rate was 100%, with an increase of 14.14% compared to 2023.

Emphasizing democratic management

The Company consistently adheres to a democratic management model of co-construction, co-governance and shared benefits between employees and enterprises, and successfully convenes the 13th Workers' Congress and Labor Union Member Representative Conference. Meanwhile, the Company provides service guidance to basic organizations to hold employee and labor union member meetings, enhances the level of democratic management, and effectively safeguards employees' rights to know, participate, supervise and vote.



SIG holds the 13th Workers' Congress and Labor Union Member Representative Conference

Building a growth platform

SIG consistently upholds the talent philosophy of "appointing people with noble character and talent", fully leverages the leading role of vocational skills competitions in cultivating technical and skilled talents through a comprehensive career advancement and development channel, intensifies talent cultivation efforts, and provides a broad stage for employee development and growth.

Improvement of employee quality

The Company formulates and issues the 2024 Employee Rank Promotion Training Plan, and organizes and implements special training for various sequences; it organizes internal trainer exchange activities, and selects outstanding internal trainers; it deeply implements the "Chunxia Plan", and initially builds the SIG Cloud Classroom; it carries out the "Youth Pilot" talent growth project, and proposes a class division implementation plan; it improves the Company's "Internet + training" system, develops and puts into use the Xiaoe Tech Cloud Classroom learning platform, and achieves a closed-loop process for training notice release, registration, learning and assessment.

As of 2024, the Company and its subsidiaries have conducted 903 training programs, with over 40,000 participants. In terms of special pre-exam training for registration certificates, in 2024, 456 people participated in the first-level constructor training, 138 in the safety engineer training, and 101 in the first-level cost engineer training.

Indicator		Unit	2024
Number of employees trained		Person	2,564
Gender	Male	Person	1,882
	Female	Person	682
Type	Senior management	Person	8
	Middle management	Person	247
	Ordinary employee	Person	2,309

Indicator		Unit	2024
Average training duration		Hour	16.01
Gender	Male	Hour	16.00
	Female	Hour	16.04
Type	Senior management	Hour	92.5
	Middle management	Hour	5.74
	Ordinary employee	Hour	17.28



New Employee Orientation Training in 2024



The 15th Special Training Course for Middle- and Senior-level Capability Enhancement

Conducting skill competitions

The Company focuses on carrying out labor competitions with the theme of "excellent empowerment, quality and efficiency improvement" and the content of "eight comparisons, eight competitions, eight innovations and eight promotions", selects nearly 100 elite talents from various fields, accelerates the construction of knowledge-based, skilled and innovative employee teams, and creates a good atmosphere of "Comparison, Learning, Rushing, Helping, and Surpassing". In 2024, the Company won the Second Prize in the National Digital Computer Room Installation Skills Competition and was awarded the title of "Outstanding Contribution Award" by the SIG Labor Competition Committee.



SIG holds an Enterprise Competition by Talents

Unblocked promotion channels

The Company's promotion channels consist of two major sequences: the management sequence (M) and the professional sequence (P). It completes supporting work such as promotion standards, promotion training plans and annual performance evaluation distribution, empowering employee growth in all aspects. In 2024, the Company formulated promotion standards for 14 professional sequences and refined the implementation plan for personnel at Level 14 and above; it evaluated basic management posts, involving a total of 2,326 employees, with 574 approved for promotion and a promotion rate of 24.7%.



The Electrical Instrumentation Welding Center organizes a promotion evaluation meeting.

Care for employees' lives

SIG pays attention to employees' lives, cares for female employees, provides targeted assistance to employees in need, and organizes diverse cultural and sports activities, to promote work-life balance. In 2024, the overall employee satisfaction score was 86.82.

Caring for female employees

The Company focuses on the physical health and disease prevention of female employees, conducts health knowledge lectures, and arranges HPV vaccination appointments for eligible female employees, to enhance health awareness and improve disease prevention capabilities; it launches the "Women Show Their Style" series of activities, including lectures by female model worker craftsmen, and platforms for family traditions, to enrich the spiritual and cultural lives of female employees.



The Company and its subsidiaries organize activities themed "International Women's Day".

Employees with difficulties assisted

The Company actively practices the "I Do Practical Things for the People" initiative, adheres to the principles of "one file per household" and "assistance based on files", and focuses on regular assistance work. As of 2024, the Company continued its seasonal assistance brand work, including "bring culture in the spring, bring coolness in the summer, bring education in the autumn, bring warmth in the winter", distributing nearly RMB 300,000 worth of materials to 157 children of SIG employees.



The Company's leaders visit and comfort employees in need.

Work-life balance

The Company organizes diverse cultural and sports activities, and shows the positive spirit of SIG employees in the new era.



Employee Table Tennis Competition



Employee Basketball Competition



Employee Badminton Competition



"Walking in the Autumn" Activity

Work safety escort

SIG strictly complies with national and local laws and regulations, including the *Work Safety Law of the People's Republic of China* and the *Special Equipment Safety Law of the People's Republic of China*. The Company has formulated the *Three-Year Action Plan for Fundamental Improvement in Work Safety (2024-2026) of Shanxi Installation Group Co., Ltd.*, driving effective execution of work safety through multi-level and comprehensive measures. In 2024, the Company was awarded the "National Youth Work Safety Demonstration Post" and the "Outstanding Company" in the "Ankang Cup" competition in Shanxi Province.

Safety management system

SIG further optimizes the work safety management system, implements the allocation of safety management personnel, ensures the effective implementation of safety investments, implements the work safety liability insurance, and carries out the action of tackling the root cause, to ensure stable work safety. In 2024, the Company had no work safety accidents.





2024 Safety Committee (Expanded) Meeting and Q3 Regular Safety Meeting

Strengthening emergency management

SIG revises the *Report and Handling Measures for Work Safety Accidents* and the *Emergency Plan for Work Safety Accidents* to further improve the emergency plan system; it organizes the establishment of an emergency material sharing platform to achieve regional sharing to the greatest extent; it sends extreme weather warning information to the front line of the project in time, and urges early response work to be done; it actively organizes emergency drill activities to enhance emergency response capabilities. In 2024, SIG organized 2 company-level emergency drills with 732 participants; it urged all organizations and their projects to conduct 270 emergency drills with 6,457 participants, to effectively improve the emergency response capabilities of all employees.



Case

SIG conducts fire safety training and emergency evacuation drills for all employees

In November 2024, SIG organized the fire safety training and fire emergency evacuation drill at the research office building for all employees, realistically simulated the emergency of a fire, organized the event orderly, cooperated closely with all employees, and effectively enhanced the awareness of self-rescue and mutual rescue among the employees.



On-site Drill Activity



Identification of hazards

SIG revises the *Safety Risk Identification and Hierarchical Control Measures and Management Measures for Major Safety Risks* to ensure the effective implementation of safety risk classification and control; it compiles the *Risk Classification and Control Checklist for New Energy Projects* to improve the identification, evaluation and control of risks in new energy projects; it actively carries out hazard investigation and management to ensure that key links are managed properly, major risks are managed and controlled effectively and various hazards are addressed appropriately. In 2024, the department and third parties inspected and controlled 210 hazards, discovered 2,352 safety hazards, and supervised the rectification.



SIG organizes and investigates hazards



Cultivation of safety culture

SIG issues the commendation card for behavior safety star, evaluates individual behavior safety stars and excellent observers, selects safe teams, and distributes a total of RMB 566,600 in rewards; it organizes 39 safety training sessions for key personnel, with a total of 17,300 participants; it organizes activities such as the Launch Ceremony of Work Safety Month, Ankang Cup Knowledge Competition and Safety Consultation Day, and creates a strong safety culture atmosphere.



Launch Ceremony of Work Safety Month



SIG participates in the Work Safety Knowledge Competition

Occupational health guarantee

SIG rigorously implements the *Occupational Disease Prevention and Control Law of the People's Republic of China* and the *National Occupational Disease Prevention and Control Plan (2021-2025)*, standardizing full-process management of occupational hazard notification, identification, training, protection, monitoring, health examinations, employee health record management, occupational health surveillance, and emergency response. The Company organizes health education initiatives such as occupational disease prevention lectures and mental health workshops to enhance awareness of occupational health risks. In 2024, the Company had no occupational diseases.

Moving forward with partners

SIG adheres to sunny, transparent and green procurement, builds a mutually beneficial and trustworthy responsible supply chain; it establishes collaborative relationships with partners in various fields, forming multi-industry, multi-format and multi-mode cooperative relationships; it actively engages in industry exchanges, and creates a new ecosystem of open cooperation and mutual benefit in the industry.

Implementation of responsible procurement

The Company strictly complies with relevant laws and regulations, including the *Bidding and Tendering Law of the People's Republic of China* and the *Implementing Regulations of the Bidding and Tendering Law of the People's Republic of China*. To standardize procurement processes, the Company has formulated and implemented a series of internal policies such as the *Supplier Management System*, *Material Procurement Management Measures*, and *Bidding and Procurement Management Measures*, ensuring rigorous oversight of supplier management and full alignment with legal requirements. In 2024, the Company compiled the *Regulations for Material Procurement Comparison and Selection*, provided clearer guidance for procurement work at all basic organizations, and built a "low-cost and high-quality" material procurement and supply system; it gradually improved the level of digital-centralized procurement, and achieved full coverage of e-commerce procurement.

Selection of suppliers

- Procurement officers are responsible for conducting comprehensive evaluations of suppliers' qualifications, supply capabilities, product quality, pricing, and reputation. After completing the assessment, they must submit the *Qualified Supplier Investigation and Recommendation Form* through the material management system. The supplier is then reviewed and approved by the material management supervisor at the grassroots unit. Only upon approval can the supplier be added to the qualified supplier database, ensuring strict compliance with procurement standards and risk control requirements;
- During material bidding and procurement, suppliers are required to provide minimum certifications including Quality Management System (ISO 9001), Environmental Management System (ISO 14001), and Occupational Health and Safety Management System (OHSAS 18001). The bid evaluation expert panel rigorously verifies the validity and compliance of these certifications to ensure that selected suppliers maintain well-functioning management systems, thereby guaranteeing performance quality and alignment with contractual obligations across all aspects;
- When selecting suppliers for special equipment and components, procurement officers must access the "National Special Equipment Public Information Inquiry Platform" to verify the validity of the supplier's production license, ensuring that both the licensed scope and validity period meet the required specifications;
- Suppliers offering environmentally friendly products and services are prioritized, with the holistic evaluation of environmental factors related to equipment procurement. Procurement decisions are implemented based on advanced technology assessments of the equipment and verification results from the bid evaluation expert panel, ensuring the purchased equipment provides high-efficiency, eco-friendly, and sustainable support for the project.

Supplier evaluation

- Suppliers' operational performance is regularly evaluated through periodic mid-term and final assessments, with audit results serving as a critical reference for guiding the selection of future suppliers and ensuring alignment with internal quality standards;
- When qualified suppliers encounter severe performance risks such as quality incidents, operational failures, declining creditworthiness, commercial infringement, or fraud, the Company will immediately conduct an emergency evaluation. Suppliers that fail the assessment will be moved to the inactive supplier database;
- Annual year-end evaluations are conducted to assess suppliers based on collaboration frequency, order value, and other criteria, culminating in an annual performance rating aligned with predefined evaluation rules. Suppliers are then categorized into four tiers (A, B, C, D) according to their annual scores.

Supplier disqualification

- Establish a "supplier blacklist", add non-compliant suppliers to the blacklist, and impose penalties or accountability by signed contracts and agreements.

Number of suppliers in 2024 (by regions)

Total number of suppliers **2,599** Item

North China

1,563 Item

East China

459 Item

South China

82 Item

Central China

102 Item

Northeast China

92 Item

Southwest China

75 Item

Northwest China

215 Item

Overseas

11 Item



Development of strategic partnerships

SIG actively pursues practical cooperation with partners in various fields, establishes regular and multi-directional cooperation and exchange mechanisms, gathers strengths from all sides, and creates a harmonious, efficient and mutually progressive environment.

Government-enterprise cooperation



SIG signs a project cooperation agreement with the People's Government of Siziwang Banner



SIG signs strategic cooperation framework agreement with the People's Government of Dingzhou

School-enterprise cooperation



SIG Lide collaborates and exchanges with Taiyuan University of Technology



SIG Biquan and Architectural Design Institute visit Chang'an University for exchange

Enterprise-enterprise cooperation



SIG holds discussion and exchange with Huadian Shanxi Energy Co., Ltd.



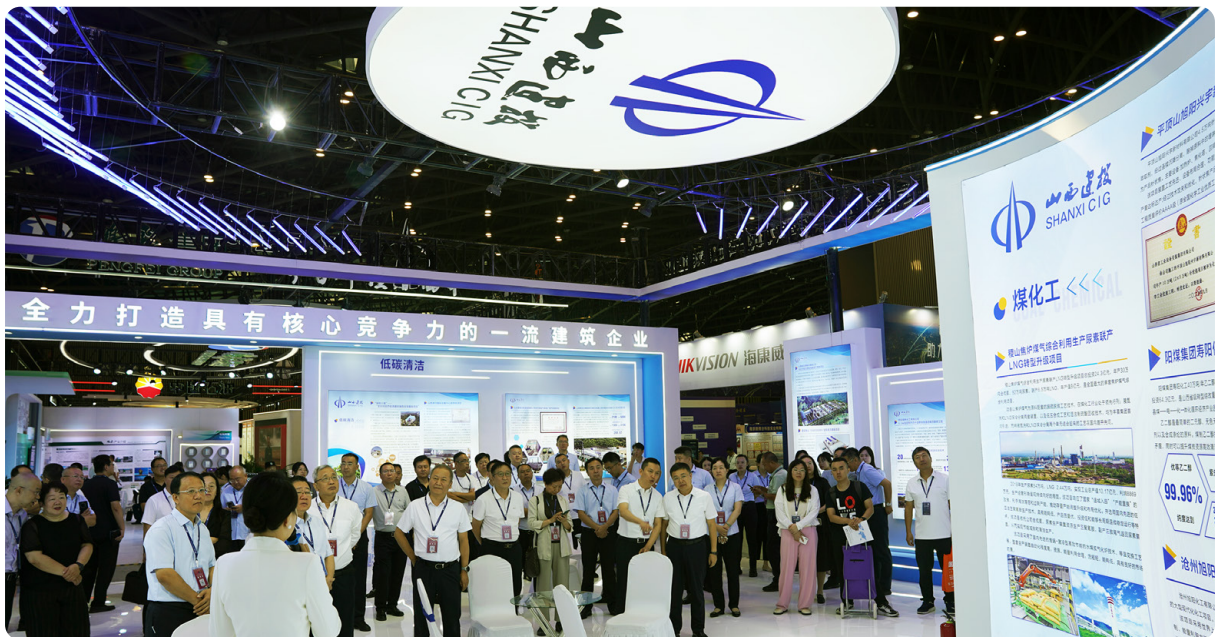
SIG signs a strategic cooperation agreement with Sinotrans Limited

Promotion of industry exchanges

SIG actively participates in important industry forums and exhibitions, and expands its "circle of friends" by large-scale exchange and cooperation platforms; it leads industry standards, and helps build a new development pattern for the industry.

Participation in industry organizations

The Company, with its influence in the industrial chain, actively participates in 26 exchange meetings of the China Association of Construction Enterprise Management, China Construction Industry Association, China National Association of Chemical Construction Enterprises and China Installation Association, to create comprehensive and multi-level exchange and cooperation spaces.



SIG appears at the 2024 China (Shanxi) Energy and Chemical Industry and Coal Resource Processing and Utilization Exhibition

Establishment of industrial standards

The Company formulates the *Technical Standard Management Measures (Trial) of Shanxi Installation Group Co., Ltd.*, strengthens technical standard management, improves the quality and implementation efficiency of technical standards, and promotes technological progress. In 2024, SIG participated in the compilation of 6 local standards and 1 group standard.



Commitment to public welfare and charity

SIG implements the effective connection between consolidating and expanding poverty alleviation achievements and rural revitalization, uses public welfare and charity to take practical actions to do a good job and implement practical things that benefit the people, shares the achievements of high-quality development with the whole society, and draws a happy scene of harmony with deep affection.

Promotion of rural revitalization

To fully implement the *Opinions on Consolidating and Expanding Achievements in Poverty Alleviation and Effectively Linking Them with Rural Revitalization* of the Communist Party of China Central Committee and the State Council, SIG allocated RMB 100,000 to Gangli Village in Fanshi County for rural revitalization, and assisted in the sale of agricultural products worth RMB 26,800.



Case

The work team in Gengzhuang Village achieves results

In 2024, SIG's resident team of Gengzhuang Village solidly promoted the consolidation and expansion of poverty alleviation achievements and effectively linked them with rural revitalization work: Strengthen dynamic monitoring and assistance, and maintain the bottom line of preventing large-scale poverty relapse; to address the hazards in the drinking water project, complete the insulation of a 50 m³ reservoir and improvement of ancillary facilities, and solve the seasonal water use problem for villagers; implement financial assistance during the autumn season and provide subsidies to students who are admitted to universities; organize skills training for villagers, and conduct labor export and employment opportunities; carry out consumption assistance, and help to sell agricultural products worth RMB 9,100; encourage the development of seasonal side hustle, and plan rural tourism projects; participate in village-level management, improve infrastructure, control living environment, and inject sustainable development momentum into rural revitalization in the new era.



Practicing public service and charity

SIG actively participates in the “Lei Feng's Voluntary Activities”, and plans a total of 82 volunteer service activities including community service, waste sorting and green environmental protection. The “Zhiyuan Hui” APP is added 257 new registrations and accumulated 2,971.6 h of volunteer service credit hours; it carries out the “sending warmth and offering love” donation activity, raises a total of RMB 67,000 in donations, and provides assistance to disadvantaged groups and disabled individuals in Shanxi Province in rehabilitation training, medical subsidies and living allowances.



Honored “Sending Warmth and Offering Love” Activity



On-line Fund-raising Campaign for Collecting Love and Helping the Disabled



Learning from Lei Feng's Voluntary Activities of “Joint Construction and Stylish and Vigorous Volunteer Service”



The Fifth Season of Blood Donation Activity of “Lei Feng's Voluntary Activities”

Governance·Regulation and foundation for excellence

Challenges:

Over the past year, the construction industry has faced frequent fluctuations in the price of steel and raw materials, accelerated technology innovation and increasingly stringent engineering supervision standards, which poses transformation and development risks for construction enterprises. Therefore, how to optimize enterprise management models, enhance innovation capabilities, strengthen quality control, improve risk resistance, calmly respond to various transformation and development risks, and seize new opportunities in construction technology innovation has become a significant challenge that construction enterprises must face.

Goal setting:

Customer satisfaction goal: Achieve a customer satisfaction rate of over 90%, and measure the satisfaction through regular customer satisfaction surveys.

Customer complaint goal: Ensure a complaint response time of no more than 24 h, and achieve a complaint resolution rate target of 95%.

Progress review:

Continuously conduct customer satisfaction surveys and improve customer complaint handling processes. The overall customer satisfaction score for the year is 93.74, with no major negative incidents related to customer complaints.

SDGs issues:





Chapter performance:

The legal review rate for regulations, major economic contracts and major decisions is **100%**

The investment in compliance trainings is RMB **20,000**

The R&D investment amount is RMB **593,406,000**, accounting for **4.85%** of the main business income

The comprehensive customer satisfaction score for the year is **93.74**.

Effective corporate governance

SIG adheres to the principles of compliance governance and honesty, strictly follows regulations for management decisions and operational supervision, continuously promotes standardized operations, and effectively improves the quality of corporate governance; it solidly advances the comprehensive and strict governance of the Party, and strives to create a good atmosphere for entrepreneurship and strong collaborative efforts within the Company.

Strengthening the "root" and "soul" advantages

SIG adheres to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the fundamental guide, deeply understands the decisive significance of the "establishment of both Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole and the guiding role of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era", and continuously enhances the "consciousness of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment with the central Party leadership". It stays confident in the path, theory, the system, and the culture of socialism with Chinese characteristics, and firmly upholds Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole and upheld the Central Committee's authority and its centralized, unified leadership. It takes the deep integration of Party building and production and operation as its work center, the promotion of the normalization and long-term construction of Party discipline education as its work focus, and the promotion of the comprehensive and strict governance of the Party in depth through strict work style, pragmatic spirit, and practical measures.

Strengthening theoretical reserve

Throughout the year, promote basic organizations to follow up the "first issue" system for 1,490 times, hold 12 learning sessions by the theoretical learning center group of the Party Committee, learn 90 contents, and cover the *CPC's Regulations on Disciplinary Punishments*, various policies and important conference spirit issued by the Central Committee, Shanxi Provincial Party Committee and Provincial Government, and important documents of Shanxi CIG

Deep integration of Party and business

Conduct "two-way integration" training, and organize basic political workers and business leaders to jointly extract excellent experiences and highlights of the deep integration of Party building and production operations; revise and improve the *Rules of Procedure of the Party Committee*, and extract and compile 25 typical cases of deep integration of Party building and production.

Focusing on Party discipline education

Organize multiple special lectures and training sessions, and deepen the understanding and application of the main principles and regulatory requirements of the "six disciplines" among Party members and cadres; carry out Party day activities, distribute warning education materials, produce propaganda videos on Party discipline learning for basic Party branches, and continuously deepen the effectiveness of our work.



Comprehensive and Strict Governance of the Party Work Conference and Q3 Political Work Meeting of 2024



The 13th Party Committee (Expanded) Meeting

Improvement of governance system

SIG strictly complies with the *Company Law of the People's Republic of China*, *Securities Listing Rules of the Stock Exchange of Hong Kong Limited* and other domestic and international laws and regulations as well as the regulatory requirements for listed companies. It establishes and improves the "Three Meetings" governance system and legally organizes "Three Meetings" to ensure scientific, efficient, legal and compliant decision-making.

Governance structure



The Company adopts a governance structure of Board of Shareholders – Board of Directors – Board of Supervisors – Management (i.e., "Three Meetings and One Layer"). Among them, the Board of Shareholders, as the Company's authority, decides on major issues such as the appointment of directors and supervisors, and changes in capital. The Company implements discussion and decision-making by the Party Committee for major issues such as "decision-making on major matters, appointment and removal of important cadres, investment decisions on major projects and use of large amounts of funds", adheres to the Party's leadership over state-owned enterprises, and further ensures the democracy and scientific nature of all decisions.

During the reporting period, the Company successfully organizes and holds 1 annual Board of Shareholders, 1 extraordinary Board of Shareholders, 4 regular Board meetings, 8 extraordinary Board meetings, 3 Board of Supervisors' meetings, 4 Audit Committee meetings, 1 Remuneration and Assessment Committee meeting, and 1 Nomination Committee meeting, reviewing a total of 102 Board proposals and passing 101 proposals.

Diverseness in the Board of Directors

The Company adopts a Policy on Diverseness in the Board of Directors. During the reporting period, the Board of Directors consists of 11 directors from different industries in Mainland China and the Hong Kong Special Administrative Region, with Executive Directors accounting for 27.27%, independent non-executive directors for 36.36%, and female directors for 9.09%. The Company's Directors possess extensive knowledge and skills in management, strategy and business development, R&D, sales and marketing, legal compliance, and corporate finance.



Independent Board of Directors



The Company's Board of Directors always complies with the relevant provisions of the Hong Kong Listing Rules, and appoints at least three independent non-executive directors, accounting for at least one-third of the Board of Directors. One independent non-executive director possesses appropriate professional qualifications or accounting or related financial management expertise. The Company receives annual written confirmations regarding their independence from each independent non-executive director as per the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules.

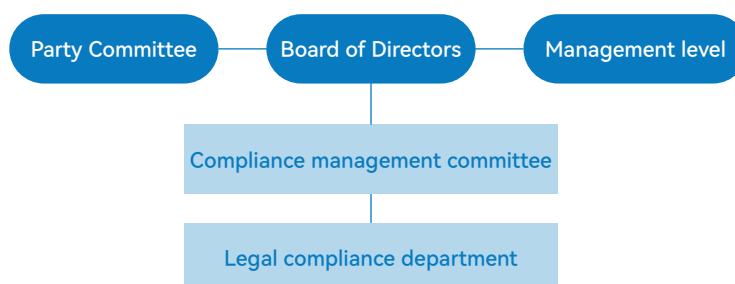
Improvement of compliance system

SIG focuses on the construction of legal compliance, and achieves a more robust organization, more comprehensive systems, and more effective risk prevention and control. Through multiple channels, levels and forms, the Company conducts compliance information disclosure, protects the rights of minority investors, and always adheres to the principles of integrity and self-discipline, to ensure the healthy and stable operation. In 2024, the Company's main credit rating was rated "AA+" and was awarded the A-level tax credit rating for the sixth time.

Compliance with the law and compliant construction

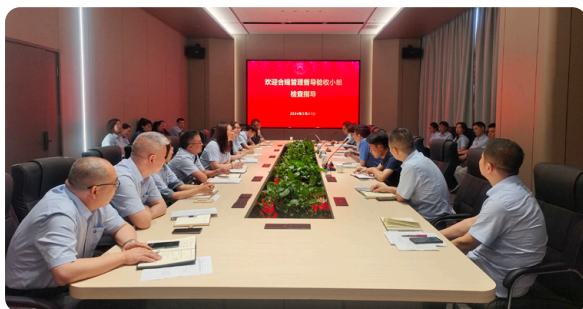
The Company closely follows the work philosophy of "preventing risks, tracing root causes, ensuring compliance, and promoting development", revises various regulations, improves the compliance management system, and strengthens legal compliance training, to solidify the foundation of its development.

Compliance Management Architecture



In 2024, the Company issued 15 compliance management systems, methods and key area guidelines, and revised the published compliance systems in conjunction with the *Compliance Management Measures for Provincial Enterprises in Shanxi Province (Trial)* issued by the State-owned Assets Supervision and Administration Commission of Shan Xi Provincial Government; it issued an annual compliance management report to ensure the stable and compliant operation; it comprehensively reviewed the compliance management process, formed the *List of Business Processes for Branches* and *List of Business Processes for the Project Department*, identified potential compliance risk points in business processes, and clarified the responsibilities of each post in compliance management; it updated the *Compliance Risk Database*, comprehensively identified compliance risks in the management process, and formulated corresponding preventive measures; it implemented and deepened the bottom-line management of legal review, and achieved a 100% legal review rate for regulations, major economic contracts, and major decisions.

In 2024, the Company conducted 4 legal compliance training sessions, including compliance management training for branches (subsidiaries), organizing compliance training for new employees, and conducting training in projects, with a cumulative total of over 3,000 participants.



Compliance Management Training for Branches (Subsidiaries)



Compliance Training for New Employees

Compliance information disclosure

SIG attaches great importance to the quality of information disclosure. With the *Information Disclosure Management System of Shanxi Installation Group Co., Ltd.* as the basic system, the Company establishes an information disclosure management system. Through the official websites of the HKEX and the Company, it regularly discloses regular, temporary and voluntary announcements, etc., to be convenient for various stakeholders to understand the information disclosure activities, and ensure that the information disclosure is true, accurate, complete, timely, fair, consistent and legal.

In 2024, the Company established processes for information disclosure, collection, submission, review and announcement, formulated and issued 7 information disclosure systems and guidelines, including the *Information Disclosure Management Measures of Shanxi Installation Group Co., Ltd.*, *Internal Information Reporting System* and *Internal Reporting System for Major Information*; it issued a total of 41 regular and temporary announcements, including annual reports, performance announcements, and related transaction announcements, had no information disclosure defects such as omissions, untimely disclosures or corrected disclosures, and was not questioned by supervisory authorities.

Integrity culture construction

SIG strictly adheres to relevant laws and regulations such as the *Supervision Law of the People's Republic of China*, and formulates internal systems such as the *Management Measures for Integrity Prevention and Control of Posts of Shanxi Installation Group Co., Ltd.* and *Management Measures for Anti-fraud and Reporting Mechanisms*; it continues to build the integrity brand, and focuses on risks that may lead to corruption in major decision-making and project arrangements, as well as integrity risks that may occur in important business processes. Through tiered management, accountability implementation and establishment of dynamic error correction systems, the Company aims to prevent integrity risks and identify issues early.

In addition, the Company establishes a smooth channel for letters, visits and reports, encourages employees to report violations related to corruption, and protects the safety of reporters under relevant internal regulations. In 2024, the Company adhered to the principle of "reform, governance and education based on the case", and jointly launched 4 warning educational films, including *Corruption in Birthday Banquets through Comics*, with the Party Committee Work Department and integrated media. There were no incidents of corruption, bribery, or violation of business ethics throughout the year.



SIG holds collective integrity talks for newly promoted mid-level managers

Effective risk prevention and control

SIG orderly constructs internal audit and control systems, improves the risk management system, and formulates the *Implementation Plan for Improving the Internal Supervision System*. It strengthens the "three lines of defense" in business supervision from basic businesses, compliance risk control and audit supervision, and advances the risk prevention and control capabilities to a new level.

Internal risk management

The Company continues to improve its internal control system, focuses on key links and areas, takes the prevention of major risks as the bottom line, and places potential risk investigation and control before hazards; it establishes and improves a case management mechanism of "unified management, classified guidance and hierarchical responsibility", and strengthens the handling guidance, resource coordination and assessment accountability of legal dispute cases; it establishes and improves case analysis and risk warning systems, conducts timely case analysis and cause investigation, issues risk warning letters, and takes effective measures, to avoid similar cases at the source.

Internal audit supervision

The Company formulates audit plans and indicators around five aspects: major decision-making and deployment, key area reforms, risk prevention and resolution, economic responsibility fulfillment, and audit rectification and accountability. It strengthens the economic responsibility fulfillment of state-owned enterprise leaders, as well as audit rectification and accountability, forming closed-loop management from front-end to back-end in an audit.

In 2024, SIG's performance audit work covered all subordinate units, completed 4 economic responsibility audits and 1 special audit, and issued 10 audit rectifications, all of which have been completed. Through accountability, 28 people were penalized; risk prevention for investment projects was strengthened, 14 audit opinions were issued, and 47 project audits were completed.

Highlights of audit work in 2024

Account ability

Formulate the *Detailed Rules for Pursuing Business Management Responsibility of Project Department of Branches (Subsidiaries) (Construction Business)*, and effectively standardize and consolidate the management responsibilities of branches (subsidiaries) and project departments;

Verify received issues and clues, report them to the SIG Party Committee for review and approval before issuing penalties, and promote management improvement through accountability.

Audit rectification

According to the unified arrangement and deployment of the superior organizations, complete the internal audit work report, appointment of audit personnel, and filing of audit reports for listed companies in stages, and conduct inspections and feedback to rectify problems;

Rectify the problems found in the economic responsibility audit of SIG, hold special meetings every month for matters to be rectified continuously, and promote the rectification work;

Audit the self-inspection and self-correction of common problems discovered and the rectification of problems found during internal control system inspections. Organize all departments and affiliated units to conduct self-inspections against the problem list, form three lists, and supervise all departments to rectify them on schedule.

Protection of the rights and interests of small and medium-sized investors

SIG attaches great importance to the management of investor relations, and assigns special personnel to manage the investor relations. Hold performance briefing sessions, answer investor inquiries, receive investor visits, regularly communicate and discuss with relevant investors and potential investors, set investor hotlines and other measures, actively connect with investor needs, answer investor questions, and continuously attract potential investors to make investments.



Investor "Entering SIG" Exchange Activity



Performance Briefing for the First Half of 2024 (Online)

Innovation-driven development

SIG adheres to the corporate spirit of "innovation and breakthrough, hard work and development achievement", comprehensively arranges scientific research work, takes scientific management as the guide, attaches great importance to intellectual property protection, actively promotes the implementation of technological achievements, and takes digital transformation as an opportunity, to promote the transformation and upgrading of the construction industry, and cultivate a new chapter of high-quality development of the company with new quality productive forces.

Science and technology innovation management

SIG optimizes the mechanism of technology innovation, strengthens the construction of R&D platforms, enhances the training of technical talents, and carries out industry-university-research cooperation, to better regulate the scientific innovation management of the Group, and provide institutional guarantees for the transformation of science and technology achievements into real productivity. In 2024, SIG invested RMB 593,406,000 in R&D.

Optimization of top-level design

In order to standardize the management of R&D platforms, transformation of science and technology achievements, technical papers, patents, technical standards, and selection and assessment of outstanding engineering and technical talents, the Company holds science and technology conferences regularly to clarify the overall ideas and management goals of science and technology innovation; it formulates 2 measures, namely the *Management Measures for R&D Platforms (Trial)* and *Management Measures for Promotion and Transformation of Science and Technology Achievements*, revises 3 measures including the *Management Measures for Engineering and Technical Papers*, and initially forms a science and technology innovation management system covering science and technology platforms, technical papers, patent management, technical standards, and selection of outstanding talents.



2024 Science and Technology Conference

Building a scientific research platform

The Company's scientific research platform takes "tiered construction and targeted research" as the general idea, and establishes a scientific research platform construction echelon led by the Shanxi Provincial Enterprise Technology Center, with the Shanxi Provincial Engineering Research Center, Shanxi Provincial Technology Innovation Center and Shanxi Provincial Key Laboratory as breakthroughs, and the Enterprise Bulk Solid Waste Comprehensive Utilization Research Institute and Distributed Energy Research Institute as expansions. 3 provincial R&D platforms and 2 enterprise-level R&D platforms have identified 10 research directions. In 2024, the Company's provincial technology innovation center was awarded an "excellent" grade in the assessment in 2023 by the Science and Technology Department.

Cultivation of innovative talents

The Company revises the Management Measures for Selection and Assessment of Excellent Engineering and Technical Talents and Management Measures for the Assessment of Engineering and Technical Personnel, establishes and improves a mechanism for cultivating and introducing science and technology talents, and organizes technicians to observe and study industry benchmark projects, internal and external technical exchanges, on-line and off-line technical training, etc., to enhance the professional quality of technicians and build a comprehensive and professional scientific research team. In 2024, the Company had a total of 880 R&D personnel.



Industry-university-research cooperation

The Company adheres to the innovative philosophy of "learning from advanced experiences, independence and self-improvement", actively establishes long-term and stable cooperative relationships with universities and research institutions such as the Institute of Coal Chemistry, Chinese Academy of Sciences, Taiyuan University of Technology and Shanxi University, and conducts joint research and breakthroughs by signing cooperation agreements and jointly building R&D platforms to achieve deep integration of resources.



SIG Biquan, a subsidiary of SIG, reaches an industry-university-research cooperation agreement with Chang'an University. The joint project *R&D and Industrial Application of Nitrite Enhanced Denitrification and Phosphorus Removal Efficiency and Energy-saving Technology in Municipal waste water Treatment Plants*, obtains science and technology achievements at the provincial and ministerial level in Shanxi Province, and the evaluation result is leading in China.



Industry-university-research Cooperation

Technology R&D innovation

SIG is deeply engaged in technology R&D in the fields of digital construction, clean heating and new energy. In 2024, the Company published 2 issues of the Handbook for Promoting Science and Technology Achievements, and promoted 149 application achievements and 90 application projects; it successfully developed a BIM+ digital and collaborative management platform for the whole process of electromechanical projects, as well as a smart heating constant temperature control platform; it mastered efficient nitrogen and phosphorus removal technology for sewage, crushing and screening treatment technology for construction waste, and multi-energy integrated smart PV construction technology, etc.; in the whole year, 211 science and technology projects were established in the fields of new energy hydrogen production, hydrogen ammonia alcohol and other fields. The *Key Technology and Demonstration of Chemical Decomposition of Waste Wind Power Blades to Produce High-value Chemicals* was selected as the major science and technology plan ("open competition mechanism to select the best candidates") of Shanxi Province in 2024. The *R&D and Transformation of Microcapsule Degradation Materials and Micro-foam Repair Technology for Coking Contaminated Soil* was successfully established as central guidance for local science and technology development funding projects.

Item	Awards
<p> <i>Development and Application of Smart Heating Constant Room Temperature Control Platform</i></p>	<p> First Prize for Science and Technology Progress from China Installation Association</p>
<p><i>Research and Application of Fatigue Performance of Space Grid Structure of Bolt Nodes</i></p>	<p>First Prize for Science and Technology Progress from China Steel Construction Society</p>
<p><i>Research on Key Technologies of Ultra Thermal Conductive Solar Collectors in Multi-energy Complementary Heating Systems</i></p>	<p>Second Prize for Science and Technology Progress from Shanxi CIG</p>

Intellectual property protection

SIG strictly complies with the *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China*, etc., continuously improves the intellectual property system, revises the *Patent Management Measures*, clarifies internal intellectual property management, personnel responsibilities and reward regulations, and successfully passes the supervision and audit of intellectual property management system; it actively carries out intellectual property training and promotion activities, and won the "Excellent Organization Award" in the on-line intellectual property knowledge competition in Shanxi Province.

In 2024, the Company was granted 48 national invention patents, 141 utility model patents, and 1 design patent; it won 3 awards in the Fourth High-promotion Value Patent Competition of the Engineering Construction Industry by the China Association of Construction Enterprise Management, and 1 award for Excellent Patent in the Chemical Construction Industry by the China Association of Chemical Engineering Construction in 2024.



On-site Supervision and Audit of the Intellectual Property Management System



Won the Excellent Organization Award in the Shanxi Intellectual Property Knowledge Competition

Digital transformation

SIG integrates digital technology into the whole production and operation process, gradually builds a digital management and lean construction signboard with core competitiveness, and promotes high-quality development in digital, green and intelligent transformation.

In terms of BIM technology application, complete the R&D and deployment of three collaborative management platforms: BIM+ digital design, BIM+ digital construction and BIM+ digital accounting; in terms of BIM talent cultivation, conduct training camps and develop new courses, and cumulatively train 819 people (with 32 new certified persons). In 2024, *SIG Smart Construction Site Management Cloud Platform* won the industry's first-class achievement, and *Research and Application of BIM+ Digital Intelligence Collaborative Management Platform Throughout the Project Process* was rated as domestically leading by the Department of Housing and Urban-Rural Development of Shanxi Province, driving the digital transformation to greater depth.



Case

Launch of "SIG AI Assistant" innovated and developed by SIG

The "SIG AI Assistant" innovated and developed by SIG is an AI language tool customized for the installation industry. In 2024, the tool was successfully connected to the SIG smart construction site platform to provide personnel of the Project Department with intelligent Q&A, specifications, systems, company culture inquiries, etc., marking a solid step for the Company in promoting the digital transformation and intelligent upgrading of the construction industry.



"SIG AI Assistant" Connected to SIG Smart Construction Site Control Center

Meeting customer needs

SIG attaches great importance to the important role of product quality in the process of market development, adheres to the working idea of "grasping systems, setting standards, establishing rules, and electing examples", builds a comprehensive project quality management system, and strictly controls the production and inspection processes. While continuously improving the service level and product quality, the Company always pays attention to the protection of customer rights and interests, and is committed to becoming "the most competitive modern engineering service provider in China".

Project quality assurance

SIG strictly abides by relevant national laws and regulations and industry quality standards, establishes a project quality management system and governance architecture, clarifies the goals, tasks specific measures in quality control and management, and improves the overall quality management level.

Strengthen quality management

The Company strictly complies with the *Regulations on the Quality Management of Construction Projects* and the *Code for Construction Project Management*, establishing a comprehensive engineering quality management system and organizational framework. It formulates region- and project-specific institutional documents such as the *Quality Management Manual*, *Technical Quality Management Regulations*, and *Overseas Project Technical Quality Management Measures* to define quality control and management objectives, responsibilities, and operational measures. It focuses on the early planning and review of key projects, trains quality management personnel, promotes project quality standardization, improves project quality inspections, and enhances the construction of quality culture, to comprehensively improve its project quality management level.

In 2024, the Company was awarded the honorary title of "Excellent Enterprise in Quality Management" by the China Construction Industry Association Certification Centre, which was a full recognition of its efforts in recent years to pass quality management system certification and standardize various quality management and other work; the Guowei 100 MW PV Project of the Second Engineering Company in Xingtang County won the Anji Cup Award for Construction Engineering in Hebei Province (Provincial High-quality Project) and the "Xingshi Cup" (Urban High-quality Project) in Shijiazhuang, achieving a breakthrough of zero quality awards in the PV field; it won 3 "Chemical Industry Quality Engineering Awards" from the China Association of Chemical Engineering Construction; it won 4 national QC achievements and 32 provincial and ministerial QC achievements.

Improvement of quality management system



Optimize the "Ten Red Lines of Technical Quality Management", formulate the Template for Technical Quality Management Planning, and conduct hierarchical reviews and one project one discussion for new key projects;
Establish a sound quality team, and employ 178 quality staff from equipment installation, civil engineering, municipal and other specialties.

Promotion of standardization construction



Conduct special training on the *Standardization Regulations for Construction Quality Management of Building Engineering*, initiate 21 quality management standardization projects, establish high-standard acceptance requirements, and create 5 quality model demonstration projects.

Quality culture construction

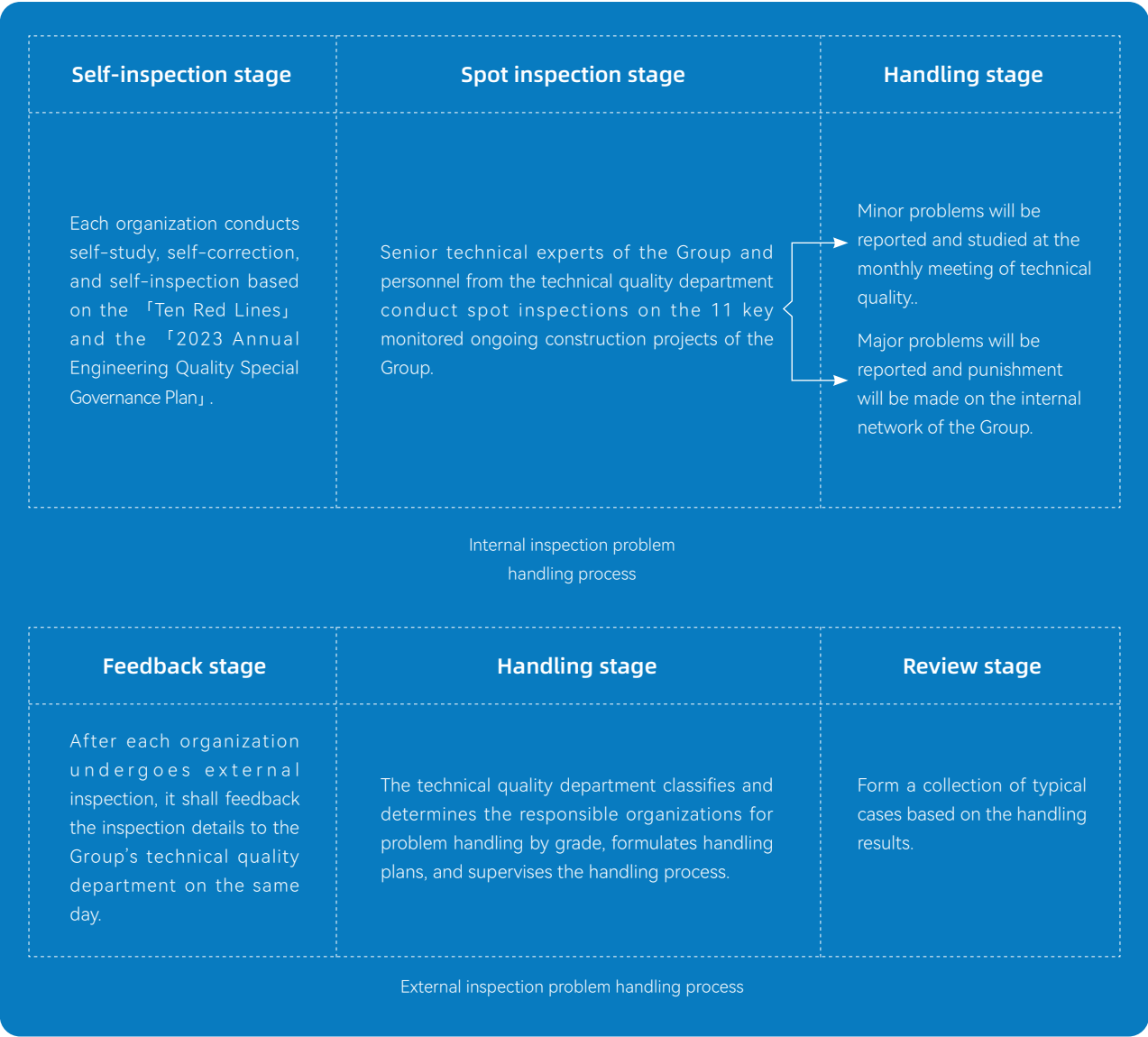


Organize "Quality Month" activities such as knowledge competitions, professional skill contests, excellent project tours, engineering entity inspections and technical competitions, consolidate quality achievements, strengthen quality supervision, and continuously promote the construction of a quality-driven enterprise.

Project quality inspection



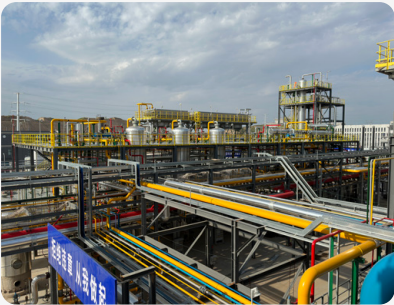
Relying on the three-tier quality management system of "Group - Engineering (Subsidiary) Companies and Business Divisions - Project Departments", the Company inspects and guides projects through special inspections, special rectifications and process guidance, identifies issues during construction in time, supervises project rectifications, and assesses 24 branches from multiple dimensions.



SIG won the "Chemical Industry Quality Engineering Award" in 2024



200,000 t High-purity Crystalline Silicon Project of Inner Mongolia Tongwei Silicon Energy Co., Ltd.



Natural Gas (Coalbed Methane) Liquefaction Helium Extraction for Hydrogen Production Project (Phase I) in Xing County



Annual Production of 550,000 t Ammonia Alcohol Technology Upgrade and Renovation Project of Hubei Jinkong Gas Co., Ltd.

Achieving production and efficiency of project

The Company focuses on high-quality performance, efficiently advances key projects in new energy, civil engineering and other fields, and creates multiple benchmark projects with practical results. The fan hoisting is completed for Taigu Yangyi Wind Farm (110 MW) Wind Power Expansion Project implemented by the First Engineering Company in just 2 months, which sets a new "SIG Speed", and achieves full-capacity grid connection by "August 30". The Southwest Engineering Company successfully overcomes adverse conditions such as high altitude, hypoxia and rugged construction roads, and delivers the Mingyang Lhasa PV-storage Complementary Project with a full-capacity grid connection to investors. Focus on livelihood projects, intervene in advance and follow up throughout the process. 14 heating projects are completed on schedule, which safeguards a warm winter; attach great importance to and actively organize to ensure the timely delivery of Shuixi Primary School, and ensure that students can learn from their "first lesson" with strength. Units 1 and 2 of Shanmei Hequ Power Plant Project are successfully connected to the grid, and the Qinshui East Connection Line Project achieves full-line opening on "June 30", earning a good reputation from customers with achievements. In 2024, the Company's project completion rate increased from 52% at the beginning of the year to 70%.

Upgrade of customer service

SIG always adheres to the business philosophy of "trust in promise, co-construction and win-win cooperation", constructs a new model of the "SIG 360 Characteristic Customer Service System", and continuously improves customer satisfaction and loyalty.

Enhancement of product and service quality

The Company continuously optimizes the tracking and handling mechanism for complaints and the design of customer satisfaction surveys around the complaint rate indicator, innovates the complaint follow-up mechanism through multiple channels and forms, grasps customer needs for product or service quality, and wholeheartedly provides customers with the best product use experience.

Optimization of after-sales service

The Company continuously improves the customer complaint management mechanism, implements the *Customer Complaint Management Measures*, focuses on building a closed-loop management mechanism for quality complaints of "assigning problems, implementing rectifications, tracking effectiveness, educating responsible persons", strengthens efficient cross-departmental and cross-level collaborative handling mechanisms, and allows customers to feel the continuously optimizing after-sales service. Quickly handle customer complaints through various methods such as real-time push of customer complaint progress, reminders to business personnel for handling, notifications to responsible personnel for cooperation, and leadership attention. The total number of customer complaints for the year is 18, with a year-on-year decrease of 25%.

Customer satisfaction survey

The Company insists on conducting two satisfaction surveys every year. Through two surveys conducted within the Group and with third parties, and based on satisfaction survey results, it summarizes "common problems" and "prominent problems", identifies management loopholes, and formulates targeted improvement measures from project management, schedule management, quality management and other aspects. The comprehensive customer satisfaction score for the year is 93.74.





Case

SIG holds the Second Market Management and Business Competition

In December 2024, SIG held the Second Market Management and Business Competition of "Deeply Mining Customer Needs, Strengthening Customer Relationship Management", provided a platform for the market development personnel to exchange and learn, and offered beneficial references for the innovative development of customer management.



The Second Market Management and Business Competition

Protection of customer privacy

The Company strictly adheres to the *Regulations on Customer Information Security Management*, clarifies the responsible entities and duties for customer information management, and ensures that customer privacy is not compromised through secure technological means and reasonable management processes; all employees shall sign the *Employee Confidentiality Agreement*, commit to protect customer information security, and comprehensively enhance customer trust in the Company.

Philosophy

Responsibility: We recognize that protecting customer information security is an essential part of corporate social responsibility, which ensures that customer information is properly safeguarded.

Customer first: Customer information security is our top priority. We promise not to disclose or misuse customer information under any circumstances.

Measures

Technical security: Protect the transmission and storage of customer information with encryption technology. Regularly update and maintain information systems to prevent security vulnerabilities.

Access control: Implement permission management to ensure that employees can only access customer information within their scope of responsibility.

Training and education: Regularly provide information security training to employees to enhance their awareness of information security.

Performance

Regularly inspect the implementation of information security regulations, provide information security training to all employees, collect customer satisfaction with information protection through questionnaire surveys or interviews, and assess regular information security compliance.

Future prospects

2025 is a crucial year for fully implementing the spirit of the 20th National Congress of the CPC and the Third Plenary Session of the 20th Central Committee, and for further deepening comprehensive reforms. It is also the final year of the 14th Five-Year Plan. Shanxi Installation Group will, under the broad operational framework of "closely following national policy guidance, participating in regional construction and development, responding to changes in the industry market, enhancing corporate operating efficiency, and coordinating employee development for efficiency", strive to establish a grand strategic system centered on deepening the reform of the corporate governance system. This system aims to fully leverage competitive advantages and effectively integrate various resources to achieve long-term goals, ensuring a successful conclusion to the Group's 14th Five-Year Plan and inclusion in Shanxi Province's "Double Hundred Enterprises" reserve list.

Precisely implement a grand market layout, and focus on optimizing business layout by increasing support for transformation sectors to achieve synchronous growth in scale and profits. Seize the policy dividend period of "two news and two focuses", urban renewal, etc., consolidate professional advantages in chemicals and municipal engineering, and enhance differentiated competitiveness; align with industry trends such as green and low-carbon development, digitalization, and internationalization, explore new models and new business forms, and push forward businesses in energy and carbon, transformation, and overseas markets; implement effective investments and create an integrated service model of "strategy, production, investment, construction, and operation".

Establish and improve a grand business management system. Based on robust market development, supported by a closed-loop management system covering the entire project lifecycle, this system aims to achieve synchronous improvement in operating efficiency and core competitiveness through high-quality cost and financial management, steadily generating profitable revenues and cash flow-positive profits. Improve customer management by focusing on service, enhance project profitability by addressing root causes, strengthen risk prevention and control by tackling issues head-on, take new steps in securities management, explore new models in financing management, unleash new synergies in collaborative operations, and create a new situation where "markets can be occupied, businesses can be profitable, costs can be controlled, risks can be prevented and treated, funds can be recovered, and development can be sustained".

Systematically promote grand safety construction across construction, quality, legal, financial, psychological, and integrity aspects. Continuously stimulate grand scientific research momentum for the effective conversion of technological achievements, deepening the integration of "industry-university-research", deeply applying BIM technology, and deepening information technology transformation. Firmly establish a holistic talent management concept encompassing "recruitment, cultivation, utilization, retention, and retirement". Continuously improve the grand party building pattern where party leadership and party building are integrated into the "Five-in-One" overall layout and the "Four Comprehensives" strategic layout, and better leverage the role of grand culture.

SIG will profoundly grasp national policies and regional dynamics, actively respond to complex and ever-changing industry trends and market environments, strive to fulfill the dual missions of profitability and social responsibility, anchor itself towards becoming "the most competitive modern engineering service provider in China", and work together with investors to create a mutually beneficial and win-win future.





Annex

ESG Policy List

ESG indicator	Key policies of the Company
A1 Emissions	Regulations on the Safety Management of Dangerous Goods Management Measures for Environmental Protection at Construction Sites
A2 Use of resources	Management Measures for Environmental Protection at Construction Sites
A3 Environment and natural resources	Management Measures for Environmental Protection at Construction Sites
A4 Climate change	Management Measures for Environmental Protection at Construction Sites
B1 Employment	Implementation Rules for Management of Human Resource Allocation Center (Trial)
B2 Occupational health and safety	Measures for the Prevention and Control of Occupational Health Hazards and Health Surveillance Management Work Safety Responsibility System Management System of Emergency Response Plans for Safety Incidents Measures for Work Safety Interview Implementation Measures for the One-Vote Veto System in Work Safety Management Measures for Regular Meetings of Work Safety Management Measures for the Safety Expert Committee Vertical Management Measures for Safety Management Personnel Measures for the Safety Director System and the Assignment of Full-time Safety Management Personnel for Projects Measures for On-site Leadership in Work Safety Construction Management Rules of Safety Education and Training Management Measures for Construction Site Safety Measures for Safety Risk Identification and Hierarchical Control Management Measures for Major Safety Risks Management Measures for Work Safety Technology Safety Management Measures for Engineering Subcontracting Approval Measures for Hazardous Operations Management Regulations on the Safety Management of Dangerous Goods Management Measures for Fire Safety Standardized Management Measures for Work Safety and Civilized Construction at Construction Sites Management Measures for Safety, Environment and Occupational Health in Overseas Projects
B3 Development and training	Employee Training Management System of Shanxi Installation Group Co., Ltd.
B4 Labor standards	Employee Labor Contract Management System of Shanxi Installation Group Co., Ltd. Employee Labor Discipline Management System of Shanxi Installation Group Co., Ltd.
B5 Supply chain management	Material Procurement Comparison and Selection Procedures of Shanxi Installation Group Co., Ltd.
B6 Product responsibility	Customer Service Management Measures Market Operation Management System Construction Contract Management System for Projects Management Measures for Evaluation and Decision-making of Business Project
B7 Anti-corruption	Anti-fraud and Reporting Mechanism Management System of Shanxi Installation Group Co., Ltd. Guidelines for Integrity Risk Prevention and Control of Overseas Projects of Shanxi Installation Group Co., Ltd.
B8 Community investment	-

Honors

Awards in 2024	Award issuer	Award-winning organization/project
China Engineering Construction Safety and Quality Standardization Organization in 2024	China Association for Engineering Construction Standardization	Shanxi Installation Group Co., Ltd.
China Engineering Construction Safety and Quality Standardization Project in 2024	China Association for Engineering Construction Standardization	Qinshui East Connection Line Transportation Hub Project, Shanxi Nonggu Smart Cold Chain Logistics Park Project and 200,000 t High-purity Crystalline Silicon Project of Inner Mongolia Tongwei Silicon Energy Co., Ltd.
Exemplary Organization of Work Safety Month Activity of Installation Enterprises in 2024	China Installation Association	Shanxi Installation Group Co., Ltd.
First Prize of Science and Technology Progress Award	China Installation Association	Shanxi Installation Group Co., Ltd./Research and Application of Smart Heating Constant Room Temperature Control Technology
"Two-star" Green Construction Level for Engineering Projects	China Association of Construction Enterprise Management	Qinshui East Connection Line Transportation Hub Project and Shanxi Nonggu Smart Cold Chain Logistics Park Project
First Prize in the 2023 Green Construction Technology Competition for Building and Municipal Engineering	China Construction Industry Association	Xiaohe International Convention and Exhibition Center and Energy Island Project
Team Second Prize in the National Finals of the National Digital Computer Room Installation Skills Competition	China Construction Industry Association	Shanxi Installation Group Co., Ltd.
Green Construction "Five-star" Level Project for Chemical Construction Engineering	China Association of Chemical Engineering Construction	Public Works (Phase I) of Integrated High-performance Materials for Lithium Batteries of Ningxia Weiyuan New Energy Co., Ltd.
Level I Work Safety Standardization for Power Engineering Construction Projects	China Enterprise Product Quality Certification Supervision Center	Yingxian County Source-grid-load Shared Energy Storage Power Plant Project, Huaneng Fenxi 100 MW PV Composite Power Generation Project, CR Power Xingxian 100 MW Composite PV Project and Shanmei Hequ 2×350 MW Low Heat-value Coal Power Generation Project
2023 National Youth Work Safety Demonstration Post	Central Committee of the Communist Young League Ministry of Emergency Management	6th Engineering Company of Shanxi Installation Group Co., Ltd.
First Prize of Science and Technology Progress Award	China Steel Construction Society	Shanxi Installation Group Co., Ltd./Research and Application of Fatigue Performance of Space Grid Structure of Bolt Nodes
2023 "Best IPO Award" in China Financing Awards Ceremony	<i>Chinese Financing</i>	Shanxi Installation Group Co., Ltd.
Excellent Quality Management Enterprise	Beijing China Construction Industry Association Certification Centre Co., Ltd.	Shanxi Installation Group Co., Ltd.
Quality Evaluation of Chemical Construction Engineering AAAAA Level (High-quality Engineering) Project	China Association of Chemical Engineering Construction	200,000 t High-purity Crystalline Silicon Project of Inner Mongolia Tongwei Silicon Energy Co., Ltd. and Natural Gas (Coalbed Methane) Liquefaction Helium Extraction for Hydrogen Production Project (Phase I) in Xing County of Shanxi Zefengda New Energy Co., Ltd.
AAA (the Highest Rating) Credit Rating for Power Construction Enterprises	China Electric Power Construction Association	Shanxi Installation Group Co., Ltd.
The First Batch of Chinese Construction Brand Enterprises	China Association of Construction Enterprise Management	Shanxi Installation Group Co., Ltd.

Key performance

Indicator		Unit	2022	2023	2024
Economic performance					
Operation performance	Total assets	RMB 10,000	2,144,702.4	2,352,243.1	2,412,416.1
	Net assets	RMB 10,000	223,292.0	312,580.4	334,335.6
	Owner's equity	RMB 10,000	223,292.0	312,580.4	334,335.6
	Operating revenue	RMB 10,000	1,284,482.2	1,097,110.9	1,224,288.9
	Total profits	RMB 10,000	21,278.2	22,512.4	22,475.2
	Net profit/profit attributable to shareholders	RMB 10,000	20,043.6	20,555.8	20,953.3
	Asset-liability ratio	%	89.59	86.71	86.14
	Return on equity	%	9.44	7.61	6.48
	Rate of return on total assets	%	1.03	1.54	1.46
	Preservation and appreciation ratio of state-owned assets	%	105.61	106.28	105.60
Innovation driving	R&D investment amount	RMB 10,000	67,872.0	44,320.5	59,340.6
	Proportion of R&D investment in main business revenue	%	5.27	4.04	4.85
	Number of R&D personnel	Person	983	802	880
	Ratio of R&D personnel to the total employees	%	28.88	23.19	25.06
	Number of invention patents applied to main business	Item	28	50	48
	Number of invention patents applied	Item	40	52	62
	Number of invention patents granted	Item	28	50	48
	Number of valid patents	Item	234	243	190
	Number of national/provincial construction methods obtained	Item	19	10	11

Social performance					
Rural revitalization	Special fund investment for rural revitalization	RMB 10,000	10	10	10
Social contribution	Total tax	RMB 10,000	22,403.58	24,394.22	21,447.0
	Charity donation	RMB 10,000	4.84	5.55	6.7
Protection of rights and interests of employees	Total number of employees	Person	3,754	3,722	3,704
	New employees	Person	229	178	211
	New fresh graduate employees	Person	60	50	62
	Employee labor contract signing rate	%	100	100	100
	Employee social insurance coverage rate	%	100	100	100
	Employee physical examination coverage rate	%	100	100	100
	Employee satisfaction score	Score	82.6	85.5	86.8
	Average age of employees	Years old	36.7	36.2	36.5
	Annual average days of paid leave per employee	Day	8.2	8.3	8.3
Career development and training	Number of employees trained	Person	2,005	2,108	2,564
	Total training duration	10,000 hours	3.345	3.347	4.105
	Average training duration per employee	Hour	16.68	15.9	16.01
	Employee training coverage rate	%	62.1	65.3	75.4
	Total investment in employee training	RMB 10,000	29	29	45
	Training investment per employee	RMB/person	144.6	137.5	175.5
Occupational health and work safety	General and above work injury accidents	Times	0	0	0
	Fatalities due to work injury accidents	Person	0	0	0
	Fatality rate per 1,000 employees	‰	0	0	0
	Severe wound rate per 1,000 employees	‰	0	0	0
	Injury rate per 1,000 employees (accident frequency)	‰	0	0	0
	Number of working days lost due to work-related injuries	Day	0	0	0
	Employee injury rate (million work hours)	%	0	0	0
	Work safety accidents having severely damaged the market and social reputation of the Company	Nos.	0	0	0
	Coverage rate of occupational safety and health records	%	100	100	100
	Number of new occupational diseases	Person	0	0	0
	Work safety investment	RMB 10,000	26,416.42	22,931.24	23,141.3
	Safety drills	Times	294	307	272
	Number of safety training for employees	Person/hour	43,274	45,552	43,800
	Number of safety training for stakeholders	Person/hour	292,717	281,459	275,940
	Coverage rate of employee safety training	%	100	100	100
	Number of full-time safety officers	Person	271	264	287
	Number of registered safety engineers	Person	56	101	133

Product and Service Safety and Quality	Customer satisfaction score	Score	93.13	93.58	93.74
	Number of complaints	Item	50	24	18
	Resolution rate of complaints	%	100	100	100
Supply chain security	Total number of suppliers	Item	-	2,551	2,599
	Number of suppliers reviewed during the reporting period	Item	381	278	1,680
	Number of suppliers with whom the cooperation suspended for non-compliance	Item	-	3	2
	Number of supplier training sessions	Times	-	4	11
	Duration of supplier training	Hour	-	20	38
	Acceptance rate of construction and installation work	%	100	100	100
Company governance	Number of male directors	Person	7	10	10
	Number of female directors	Person	0	1	1
	Number of directors aged below 40	Person	0	0	0
	Number of directors aged 40-50	Person	3	3	3
	Number of directors aged above 50	Person	4	8	8
ESG management	Number of ESG training sessions	Times	1	1	1
	Duration of ESG training	Hour	2	2	2
	Number of ESG training participants	Person-time	20	20	24
Compliance	Performance rate of economic contracts ²	%	90.75	84.11	85.24
	Investment in compliance training	RMB 10,000	-	-	2
	Number of compliance training	Times	4	4	4
Anti-Bribery and Anti-Corruption	Incidence of corruption	%	0	0	0
	Number of legal cases regarding corruption, bribery, extortion, fraud and money laundering	Item	0	0	0
	Total number of directors participating in anti-commercial bribery and anti-corruption training	Person	7	11	11
	Percentage of directors participating in anti-commercial bribery and anti-corruption training	%	100	100	100
	Total number of management personnel participating in anti-commercial bribery and anti-corruption training ³	Person	254	256	259
	Percentage of management personnel participating in anti-commercial bribery and anti-corruption training	%	100	100	100
	Total number of basic employees participating in anti-commercial bribery and anti-corruption training	Person	3,500	3,466	3,445
	Percentage of employees participating in anti-commercial bribery and anti-corruption training	%	100	100	100

²This data is used to calculate the ratio of performance that begins in construction, design and other contracts signed.³Management team including senior and middle-level managers.

Environmental performance					
Combat with climate change	Carbon dioxide emission per RMB 10,000	t CO ₂ e/RMB 10,000	1.6027	1.3583	1.2020
	Carbon intensity	t/RMB 10,000	1.2822	1.1811	1.0544
	Scope 1 greenhouse gas emission	tCO ₂	7,067.4938	5,881.19	5,198.7294
	Scope 2 greenhouse gas emission	tCO ₂	0.2508	0.2120	0.1874
Energy utilization	Proportion of non-fossil fuels	%	2.4221	2.7394	3.1120
	Total energy consumption	Ten thousand tce	46.1016	38.9672	34.4454
	Diesel oil consumption	L	1,410,230.446	1,188,520	1,050,602.625
	Liquefied petroleum gas consumption	kg	45,210.0185	38,780	34,279.9194
	Gasoline consumption	L	896,782.0327	752,870	665,506.0057
	Coal consumption	kg	201,825.2098	169,110	149,486.2601
	Gas consumption	Nm ³	234,921.8999	203,928.13	180,264.0499
	Electricity consumption	10,000 kWh	104,638,796.1	87,761,900	77,577,897.28
	Coal consumption of power supply	gce/kWh	0	0	0
	Outsourced electricity	kWh	102,759,252.5	86,856,860	76,777,879.27
	Outsourced heat	J	2.3926*10 ¹¹	2.0769*10 ¹¹	1.8359*10 ¹¹
	Comprehensive energy consumption/RMB 10,000 operating income (at comparable prices)	tce/RMB 10,000	0.3589	0.3495	0.3373
	Comprehensive energy consumption/RMB 10,000 added value (at comparable prices)	tce/RMB 10,000	23.0006	18.9568	17.1010
Waste disposal	Output of general solid wastes	10,000 t	5,988.7245	5,022.82	4,439.9656
	Output of general solid wastes with a production value of RMB 10,000	t/RMB 10,000	46.6236	45.0470	43.4817
	Total hazardous wastes	t	28.9204	24.35	21.5244
	Output of dangerous solid wastes with a production value of RMB 10,000	kg/RMB 10,000	0.2252	0.2184	0.2108
Pollutant emission	Sulfur dioxide emission	10,000 t	47.3739	39.81	35.1904
	Ammonia nitrogen emission	10,000 t	0.0186	0.0156	0.0138
	COD emission	t	667.6060	564.8414	499.2965
	Nitrogen oxide emission	t	82.4967	69.73	61.6384
	Particulate emission	t	46.9122	39.27	34.7131
Utilization of water resources	Annual fresh water consumption	10,000 m ³	85.4614	72.0256	63.6676
	Total water consumption	10,000 m ³	106.9305	90.0319	79.5845
	Total water consumption/RMB 10,000 revenue	t/RMB 10,000	0.8325	0.8074	0.7794
	Water saving amount	10,000 m ³	18.1036	15.8880	15.1756
	Recycled water consumption	10,000 m ³	11.2734	9.9035	9.4594
	Waste water emission	10,000 m ³	2.2729	1.9477	1.7267
	Total environmental investment	RMB 10,000	652.2152	563.3780	523.67
Environmental compliance management	Investment in energy conservation and emission reduction- related technological upgrade	RMB 10,000	298.4858	260.3823	242.03
	Office electricity consumption	10,000 kWh	-	234.6	235.8
	Office water consumption	t	17,170	14,224	15,284

Index of indicators

Main categories, levels, general disclosure and key performance indicators			Disclose position
Environment	A1 Emissions	General disclosure: regarding exhaust emissions, emission to water and land, generation of harmful and harmless waste, etc.: (a) Policies; and (b) The information about the compliance with relevant laws and regulations that have a significant impact on the issuer	Environment management system ESG Policy List
		A1.1 Types of emissions and related emission data	Promotion of green production Key Performance
		A1.3 Total amount of harmful wastes generated (calculated in tons) and (if applicable) density (e.g. calculated per production unit and facility)	Key Performance
		A1.4 Total amount of harmless wastes generated (calculated in tons) and (if applicable) density (e.g. calculated per production unit and facility)	Key Performance
		A1.5 Describe the emission goals set and the steps taken to achieve such goals	Promotion of green production
		A1.6 Description of the method to dispose of hazardous and harmless wastes, waste reduction goals set and the steps taken to achieve such goals	Promotion of green production
	A2 Use of resources	General disclosure: Policies for the effective use of resources (including energy, water and other raw materials)	Environment Management System ESG Policy List
		A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (0,000 kWh) and intensity (e.g. calculated per production unit and facility)	Promotion of green production Key Performance
		A2.2 Total water consumption and density (e.g. calculated per production unit and facility)	Promotion of green production Key Performance
		A2.3 Describe the energy use efficiency goal and the steps taken to achieve such a goal	Promotion of green production
		A2.4 Description of any problems in obtaining the applicable water sources, the water use efficiency goals set and the steps taken to achieve such goals	Promotion of green production
		A2.5 Total packaging material used for finished products (in tons), and, if applicable, the proportion of per production unit	N/A ⁴
	A3 Environment and natural resources	General disclosure: Policies on minimizing the issuer's significant impact on the environment and natural resources.	Implementation of green operations
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Implementation of green operations

⁴Given that the Company's operations do not involve the production of physical products and the quantity of self-owned packagings used in operations is small, this indicator is not applicable to the Company.

Main categories, levels, general disclosure and key performance indicators			Disclose position
Society	B1 Employment	General disclosure: For remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other salaries and welfare: (a) Policies; and (b) The information about the compliance with relevant laws and regulations that have a significant impact on the issuer	Protection of rights and Interests of employees ESG Policy List
		B1.1 Total employees by gender, employment type (full-time or part-time), age group and region	Protection of rights and interests of employees
		B1.2 Turnover rate of employees by gender, age group and region	Protection of rights and interests of employees
	B2 Occupational health and safety	General disclosure: For providing a safe working environment and protecting employees from occupational hazards: (a) Policies; and (b) The information about the compliance with relevant laws and regulations that have a significant impact on the issuer	Work Safety Escor ESG Policy List
		B2.1 Number and proportion of occupational deaths in each of the past three years (including the reporting year)	Key Performance
		B2.2 Number of working days lost due to work-related injuries	Key Performance
		B2.3 Describe occupational health and safety measures adopted, as well as the relevant implementation and monitoring methods	Work safety escor
	B3 Development and training	General disclosure: Policies on improving employees' knowledge and skills in performing their responsibilities. Description of training activities.	Protection of rights and interests of employees ESG Policy List
		B3.1 Percentage of trained employees by gender and category (such as senior management and middle management)	Protection of rights and interests of employees
		B3.2 Average training hours of employees by gender and category	Protection of rights and interests of employees
	B4 Labour standards	General disclosure: For the prevention of child or forced labor: (a) Policies; and (b) The information about the compliance with relevant laws and regulations that have a significant impact on the issuer	Protection of rights and interests of employees
		B4.1 Description of measures to review employment practices to avoid child and forced labour	Protection of rights and interests of employees
		B4.2 Description of the steps taken to eliminate violations when they are found	Protection of rights and interests of employees

Main categories, levels, general disclosure and key performance indicators			Disclose position
Society	B5 Supply chain management	General disclosure: Manage environmental and social risk policies of the supply chain	Moving forward with partners
		B5.1 Number of suppliers by region	Moving forward with partners
		B5.2 Describe practices relating to engaged suppliers, the number of suppliers where the practices are being implemented and how they are implemented and monitored	Moving forward with partners
		B5.3 Describe the practices of identifying environmental and social risks in each link of the supplier and the implementation and monitoring methods	Moving forward with partners
		B5.4 Describe practices of promoting the use of environment-friendly products and services during the selection of suppliers, and relevant implementation and monitoring methods.	Moving forward with partners
	B6 Product responsibility	General disclosure: For the health and safety, advertising, labeling and privacy matters of the products and services provided and the remedies: (a) Policies; and (b) The information about the compliance with relevant laws and regulations that have a significant impact on the issuer	Meeting customer needs
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A ⁵
		B6.2 Number of complaints about products and services received and countermeasures	Meeting customer needs
		B6.3 Description of practices relating to observing and protecting intellectual property rights	Innovation-driven development
		B6.4 Description of quality assurance process and recall procedures	Meeting customer needs
	B7 Anti-corruption	B6.5 Describe consumer data protection and privacy policies, how they are implemented and monitored	Meeting customer needs
		General disclosure: For the prevention of bribery, extortion, fraud and money laundering: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer	Improvement of compliance system
		B7.1 Number of corruption litigation cases filed against the issuer or its employees and concluded during the reporting period and litigation results	Key Performance
		B7.2 Describe preventive measures and whistle-blowing procedures, how they are implemented and monitored	Improvement of compliance system
		B7.3 Description of the anti-corruption training provided to the board of directors and employees	Key Performance
Community	B8 Community investment	General disclosure: Policies on community participation to understand the needs of the community in which it operates and ensure that business activities consider the interests of the community	Commitment to public welfare and charity
		B8.1 Focus on contribution categories (such as education, environmental matters, labor needs, health, culture and sports)	Commitment to public welfare and charity
		B8.2 Resources (such as money or time) contributed to focusing categories	Commitment to public welfare and charity Key Performance
Part D: Climate-related disclosure			Combat with climate change

⁵Since the company's operations do not involve the production of physical products, this indicator does not apply to the company.

Feedback

Dear readers:

Thank you for reading the *2024 Environmental, Social, and Governance Report of SIG*. The Company highly values and looks forward to hearing your feedback on SIG’s sustainable development management, practices and information disclosure. Your opinions and suggestions are an important basis for the Company to continuously advance sustainable development management and practices. Looking forward to your reply!

Selective question (please mark √ in the corresponding position)

Option	Yes	General	No
1. Do you think the report reflects the significant impact of SIG on the economy, society and environment?			
2. Do you think the analysis of stakeholders identified in the report and their relationship with SIG is accurate and comprehensive?			
3. Do you think the information provided in the report is comprehensive?			
4. Do you think the information provided in the report is readable?			

5. Open question: Your other opinions and suggestions on the *2024 Environmental, Social, and Governance Report of SIG* are welcome.

Your contact information:

Name:

Employer:

Tel.:

Email:

