



**CHINA CONCH
ENVIRONMENT PROTECTION HOLDINGS LIMITED
2024 ENVIRONMENTAL, SOCIAL AND
GOVERNANCE (ESG) REPORT**

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 587



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About This Report

▲ | Overview

This report is the third independent Environmental, Social and Governance Report published by China Conch Environment Protection Holdings Limited (hereinafter referred to as "the Company"), which reflects the strategies, policies, measures, and achievements of the Company and its subsidiaries (the "Group") in Environmental, Social and Governance Report (the "ESG") in 2024, with a focus on the disclosure of information related to the Company's environmental, social and governance performance.

▲ | Reporting Period

The Reporting Period covers the information and data of the Company from 1 January 2024 to 31 December 2024 (the "Reporting Period").

▲ | Scope of Report

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

▲ | Description of Reference

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

▲ | Basis of Preparation

This report was prepared in accordance with the *Environmental, Social and Governance Reporting Code (the "ESG Reporting Guide")* as set out in Appendix C2 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and in compliance with the reporting principles of "materiality", "quantitative", "balance" and "consistency". This report is also compiled with reference to the 2030 United Nations Sustainable Development Goals (the "SDGs"), based on the Company's current level of development and the actual situation of ESG.

▲ | Report Acquisition

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

▲ | Contact Information

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

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▲ | Confirmation and Approval

This report was confirmed by the management and approved by the Board of Directors on 24 March 2025.

Chairman's Speech

2024 was a key year for achieving the goals of the "14th Five-Year" Plan. In the face of complex changes in policies and markets, Conch Environment adhered to the principle of seeking progress while maintaining stability, consolidated and further expanded its environmental protection business horizontally and vertically. We focused on refined operation, innovation and research and development, so as to continuously achieve technological breakthroughs, broaden the industrial territory, and do our best to facilitate the green and high-quality development of the industry.

Upholding environmental bottom lines and sustaining green development

Conch Environment actively serves the national dual carbon strategy and promotes the construction of a beautiful China. We have actively assessed climate change risks and opportunities, set greenhouse gas reduction targets, and implemented climate-related commitments. At the same time, we have built a scientific and efficient environmental management system, adhered to the refined operation of resources, actively adopted energy-saving and efficiency improvement measures, and practiced the concept of green development.

Operating efficiently and steadily to deliver first-class services

With a focus on the main business of environmental protection and based on advantageous basic industries, we continue to optimize the technology of cement kiln collaborative treatment of solid and hazardous waste, focus on the transformation and development of emerging industries, actively expand alternative fuels, scrapped motor vehicle dismantling and other businesses, and improve the environmental protection industry chain. We insist on market-orientation and focus on customer needs. Strict quality management standards will run through the project construction and operation cycle to provide customers with high-quality and efficient green solutions.

Always adhering to the people-oriented approach to promote the growth of employees

We always firmly believe that talent is the most valuable wealth for the Company, and it is the key to the everlasting inheritance of Conch Environment. We earnestly safeguard the legitimate rights and interests of employees and occupational health and safety, create an equal, inclusive and diverse workplace atmosphere, and build a multi-form and three-dimensional talent training system, so as to provide employees with a broad space for development, and realize the common growth and shared value of employees and the enterprise.

Proactively assuming social responsibility to create a harmonious future together

Upholding the concept of "being a responsible and outstanding environmental protection enterprise", Conch Environment insists on sharing the results of its operations with the society. We give full play to our industry advantages to assist in the emergency disposal of hazardous waste in several places to ensure the safety of the community environment. In addition, we have created a platform for "Environmental Open Day", actively carried out environmental science popularization and public welfare activities, promoted the concept of green environmental protection, and led the society towards a greener and low-carbon future.

Implementing lean corporate governance to lay a solid foundation for development

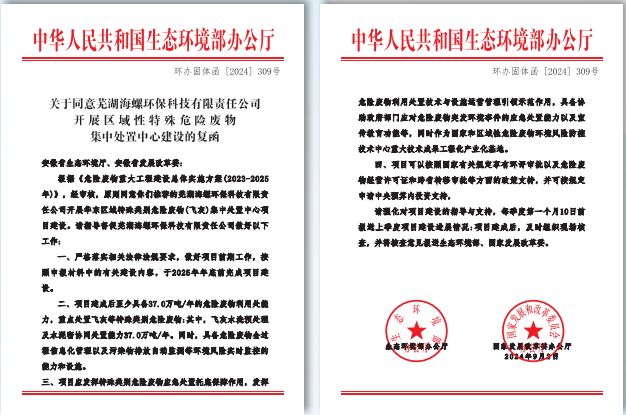
Conch Environment adheres to compliance operations, continuously improves its corporate governance structure and internal control system, strengthens risk management, and creates an honest business environment to ensure the steady development of the Company. We are firmly committed to integrating ESG concepts into our decision-making and business operations, and continuously improving our ESG governance and performance, thereby laying a solid foundation for sustainable development.

The journey is long and arduous, but with sails unfurled, we await a new horizon. Looking forward, Conch Environmental will continue to closely follow the national green transformation strategy. We will take green development as the fundamental orientation, honest operation as the right way, excellent service as the foundation and technological innovation as the driving core, and cultivate new competitive advantages of multi-core development and multi-business environmental protection, in a bid to create greater economic, environmental and social value for the industry and society.



Highlighted Achievements in 2024

The Wuhu Fly Ash Project was selected as one of the first batch of national-level regional hazardous waste (fly ash) centralized treatment centers



The research, development and application of the key technology for the resource utilization of municipal solid waste incineration fly ash through fly ash washing and cement kiln integration have won the Third Prize for Scientific and Technological Progress in Building Materials Science



The information-based management system for the whole process of hazardous waste of Conch Environment has passed the acceptance inspection, enabling the Company to reach a new level in terms of information-based development and standardized management





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About Conch Environment

1 About Conch Environment

1.1 Company Profile

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

Conch Environment has been involved in the industrial waste disposal industry since 2015. In 2017, the first wholly-owned solid hazardous waste project under the Company was put into operation in Wuhu, and was listed on the Hong Kong Stock Exchange (HK.00587) in March 2022. The main business of the Group covers the disposal of industrial solid hazardous waste, fly ash washing, sludge disposal, oily sludge disposal, medical waste disposal, comprehensive utilization of renewable resources, alternative fuels, collaborative treatment of contaminated soil, dismantling of end-of-life motor vehicles, etc. As of 31 December 2024, the Group had successfully put into operation and constructed a total of 85 environmental protection projects in 21 provinces across the country, with a disposal scale of approximately 12.0423 million tonnes per annum and 15,000 vehicles per annum.

We give full play to the technical, resource, management, and platform advantages of the Group, as well as the potential of industrial momentum. Adhering to the new development concept of "green, innovation, coordination, openness, and sharing", we insists on being innovation-driven and technology- led, and constantly explores new fields of environmental protection while improving existing environmental technology upgrades, helping to create lucid waters and lush mountains, thereby making greater contributions to enhancing human well-being.

1.2 Business Overview

In strict line with the guidance of the national green and low-carbon development strategy, Conch Environment actively seizes policy opportunities, and adheres to technological innovation as the leading factor. While optimizing the collaborative disposal business of cement kilns, the Group takes the resource utilization business as the Company's future main business. With a focus on key development areas such as resource recycling, energy conservation, and carbon reduction, the Group makes great efforts to create new environmental protection competitive advantages of "multi-core development and diversified businesses", further consolidating the leading position of the Group in the environmental protection industry.



CONCH

Safeguard the Environment Drive Green Development



Adhering to the new development concept of "greenness, innovation, coordination, openness, and sharing", Conch Environment not only pursues excellent practices in its own environmental management but also integrates the concept of green development into all aspects of the Company's development. We actively facilitate the coordinated progress of environmental protection and economic development, and interpret the profound connotation of green transformation with practical actions, so as to lead the industry to develop in a sustainable and circular direction.

2 Safeguard the Environment, Drive Green Development

2.1 Pollution Prevention and Control

Conch Environment actively engages in the field of pollution prevention and control. With its professional technical strengths and innovative spirit, Conch Environment has achieved remarkable results in reducing pollution emissions and increasing the utilization rate of solid waste resources, making significant contributions to improving environmental quality and promoting the construction of ecological civilization.

2.1.1 Green Operation

Conch Environment is mainly engaged in the business segments of industrial solid and hazardous waste disposal, fly ash washing, sludge disposal, oil sludge disposal, medical waste disposal, comprehensive utilization of renewable resources, alternative fuels, and collaborative disposal of contaminated soils, etc. Waste disposal and resource utilization in 2024 are as follows:

Category	Disposal Volume	Year on Year (YoY) Change
Industrial solid waste	1.8151 million tonnes	12.38% decrease YoY
General hazardous waste	0.9910 million tonnes	5.37% increase YoY
Fly ash washing	66,700 tonnes	790% decrease YoY
Oily sludge	108,000 tonnes	69.38% increase YoY
Comprehensive utilization of resources products	2,800 tonnes	5.57% decrease YoY
Alternative fuel production and supply	302,400 tonnes	197.89% increase YoY

► (I) Coordinated disposal of industrial solid waste and hazardous waste in cement kiln technology

We aim to solve the social and livelihood problems caused by the rapid increase in the volume of industrial solid waste and hazardous waste. The Group has advanced integration utilization technique of collaborative disposal of solid and hazardous waste in cement kilns with high combustion temperature that can degrade dioxine fully, achieving waste disposal thoroughly, no ash emissions, no odour dispersion, synchronous treatment of sewage and efficient solidification of heavy metals. With this technique, the Company has achieved a truly treatment of reduction, recycling and harmlessness, thoroughly solving the secondary pollution, which is the currently economic, environmentally friendly way of disposal.

► (II) Fly ash disposal

The Group employs proprietary technologies with independent intellectual property rights, including a sequential batch counter-current internal circulation and high quality water purification technology. By washing fly ash, kiln dust, or similar powdered materials to remove soluble chloride salts from the materials, ensuring that the chloride ion removal efficiency exceeding 95%. The washed ash maintains a chloride ion content below 1%, which is then fed into cement kilns for high-temperature calcination to produce cement clinker. Concurrently, the washing solution is treated by water purification technology to meet the incoming requirements for evaporation-based salt production systems. The condensate water is fully recycled, and the chloride salts are recovered for resource recycling.

► (III) Sludge disposal

The process involves denaturing sludge by adding inorganic salts or polymer coagulants, followed by mechanical pressure filtration and dehydration to reduce moisture content to 60%-80%. Through energy drying technology, the moisture content is further decreased to approximately 35%. The dried sludge achieves a calorific value of 1,350 kcal/kg and can be utilized as alternative fuel, realizing sludge reduction and resource recovery.

► (IV) Medical waste disposal

Conch Environment entered the medical waste disposal sector in 2023. The Group employs domestically leading and internationally advanced pyrolysis gasification incineration technology, positioning itself as a pioneer in China to adopt this technology for medical waste treatment.

► (V) Alternative fuel

Through tiered comprehensive utilization and industrial integration of solid waste, low-value combustible general industrial solid waste and agricultural or forestry residues are processed into alternative fuel products. This addresses energy consumption challenges for high-energy-demand facilities such as cement plants and power plants while resolving regional urban solid waste disposal issues. The initiative reshapes green energy innovation models, supports enterprises in achieving dual-carbon goals, and contributes to building zero-waste cities in local communities.

► (VI) Coordinated disposal processing for contaminated soil

The coordinated disposal processing fully decomposes toxic organic matter in contaminated soil into small-molecule inorganic substances. The gas generated from decomposition is treated through cement plant exhaust gas systems to meet emission standards. For heavy metal-contaminated soil, harmful metals are encapsulated within cement clinker crystals during the calcination process, achieving complete resource utilization without secondary pollution.

2 Safeguard the Environment, Drive Green Development

2.1.2 Exhaust Gas Emission Management

Conch Environment complies with the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, the Regulations on the Administration of Pollutant Discharge Permits, the Standard for Pollution Control on Co-processing of Solid Wastes in Cement Kiln, the Integrated Emission Standard of Air Pollutants, and other related laws and regulations, continuously improves its internal Pollutant Emission Management System, and strengthens its control over the monitoring factors for the characteristics of exhaust gas emission. We regularly monitor the situation of dioxin at the kiln end of cement kiln collaborative disposal solid hazard project companies annually and report it to the National Pollutants Emission Permits Administration Information Platform. During the Reporting Period, we optimized, updated and reformed our waste gas disposal equipment, upgraded the quality of activated carbon and the replacement frequency, and strengthened our flue gas disposal, with a view to reducing the exhaust gas emissions while meeting the emission standards.

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

Exhaust gas	Unit	2024
Hydrogen chloride (HCl) emissions	Tonne	426.20
Hydrogen fluoride (HF) emissions	Tonne	50.30
Air pollutants ¹	Unit	2024
Nitrogen oxide (NO _x) emissions	Tonne	16.07
Sulphur oxide (SO _x) emissions	Tonne	0.02
Particulate matter (PM) emissions	Tonne	1.59

2.1.3 Waste Emission Management

Through the collaborative disposal of solid and hazardous wastes in cement kilns, Conch Environment is able to help reduce the discharge of hazardous wastes and minimize the pollution of the environment caused by hazardous wastes. To standardize hazardous waste management process, we have formulated the *Technical Guidelines for Solid and Hazardous Waste Production and Operations Management*, *Interim Measures for Emergency Solid and Hazardous Waste Expansion and Disposal Management* and has revised the *Regulations on Hazardous Waste Collection, Reception, and Disposal Processes* to enhance full-cycle management compliance.

Conch Environment strictly controls the storage and pretreatment of solid and hazardous wastes. It has formulated emergency response plans for sudden environmental incidents, strengthened the inspection and management of hazardous waste upon entry into the factory, and set up a hazard early-warning system. It strictly controls safety and environmental risks through a safety integrated management system including video surveillance, thermal imaging, and gas detection.

In 2024, the Group focused on promoting the standardized management of hazardous waste. It carried out two large-scale standardized inspections and rectification efforts to further standardize the Company's environmental management. In addition, we conducted comprehensive inspections of all hazardous waste disposal project companies of Conch Environment. For the problems found, corresponding measures have been taken and rectification has been completed.

During the Reporting Period, the generation volumes of general solid waste and hazardous waste are as follows:

General solid waste	Unit	2024
General solid waste generated (recyclable)	Tonne	31,450.57
General solid waste generated (non-recyclable)	Tonne	/
Total general solid waste generated	Tonne	31,450.57
General solid waste generated per revenue	Tonne/thousand RMB	0.02
Hazardous waste	Unit	2024
Total hazardous waste generated	Tonne	75,903.09
Hazardous waste generated per revenue	Tonne/thousand RMB	0.04

Note: General solid waste generated (recyclable) was mainly pyrolysis tailing, and pyrolysis tailing was not recognized as hazardous waste after identification; the project companies could dispose of waste activated carbon and waste liquid from a laboratory on their own. In 2024, new types of waste were added, including tailings and fly ash generated from medical waste incineration projects. The tailings from medical waste incineration projects are classified as general solid waste, while the fly ash is classified as hazardous waste and is entrusted to a qualified third-party for disposal in accordance with the requirements of the environmental impact assessment. Hazardous waste mainly consists of packaging containers generated during the hazardous waste disposal process.

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

Waste Reduction Goals

Conch Environment will continue to optimize waste management systems, processes, and measures to ensure **100%** compliant disposal of hazardous waste and maximize the recycling of non-hazardous waste.



2 Safeguard the Environment, Drive Green Development

2.2 Environmental Management

As a pioneering enterprise deeply rooted in the environmental protection field, Conch Environment is committed to achieving harmonious coexistence between production operations and the natural environment. By continuously optimizing the treatment process and improving the efficiency of resource utilization, while promoting its own green transformation, it has also made remarkable contributions to the green development of the region and even the whole country.

2.2.1 Development of environmental system

In strict compliance with relevant laws and regulations of the places where it operates, such as the *Environmental Protection Law of the People's Republic of China*, and the *Law of the People's Republic of China on the Promotion of Clean Production*, Conch Environment ensures that every business activity is carried out in a standardized manner within the legal framework. The Company actively constructs and implements an environmental protection responsibility system. Through establishing a sound environmental protection management system and a strict supervision mechanism, it ensures that environmental protection measures are effectively implemented. As of the end of the Reporting Period, the Group and its 24 subsidiaries have completed the ISO 14001 system certification.



Environmental Protection Goals in 2024

1. The number of incidents under the supervision with a public notice issued by the Ministry of Ecology and Environment is zero;
2. The number of incidents involving environmental protection penalty liabilities is zero;
3. The number of underreported environmental protection penalty incidents is zero;
4. The number of solid and hazardous waste leakage incidents is zero;
5. The emissions of various pollutants of the Company meet the requirements of national and local standards as well as those of the environmental protection authorities in charge.

2.2.2 Response to climate change

Climate change is one of the most severe challenges currently faced globally. If not given due attention, it will lead to environmental problems such as the frequent occurrence of extreme weather events and the loss of biodiversity, posing a threat to human health and socio-economic development. Conch Environment has taken the initiative to identify the climate-related risks that its business operations may face, formulated and implemented a series of forward-looking response measures, and further promoted the green development of society through its actions.

Governance

Conch Environment has established a Safety, Environment and Health (EHS) Management Committee, with the Company's general manager serving as the director of the Committee. The EHS Management Committee is responsible for researching, deploying, supervising, guiding and coordinating efforts to address climate change. It collaborates with various business departments to promote environmental-related matters such as greenhouse gas emissions and energy management, and advances ESG work in an orderly manner. We have incorporated ESG indicators such as risk management and energy conservation and emission reduction into the performance evaluations of senior executives and Board members.

Strategy

Conch Environment strictly adheres to the climate information disclosure guidelines of the Hong Kong Stock Exchange. Based on industry best practices, the climate conditions of its own operating locations, and with reference to national policies, it has identified the impacts of extreme risks and transition risks on the enterprise and formulated climate response plans.



2 Safeguard the Environment, Drive Green Development

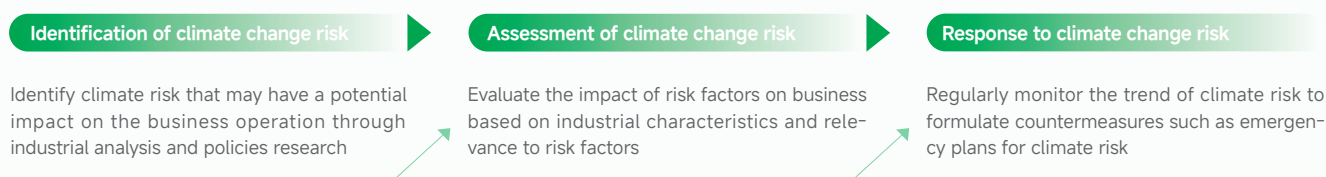
Risk category	Sub-category	Risk	Description	Countermeasures
Physical risk	Acute risk	Flood (including storms, increased rainfall, river overflows)	Storms and floods will destroy operation sites and facilities and cause power outage, resulting in operation interruption and asset loss	Conch Environment takes into account the capabilities of heat preservation and disaster resistance in architectural design. In addition, it regularly conducts environmental emergency drills to ensure the effective implementation of emergency response plans for extreme weather.
		Drought	Drought may lead to water shortage, increase in the cost of water consumption, and even scarcity of water resources, causing increase in operating cost.	Conch Environment strengthens the reuse of water resources. Through the reuse of wastewater and the optimization of the production process, it reduces water resource consumption and achieves the cyclic and efficient utilization of water resources.
	Chronic risk	Sea level rise	Some of our operations are located in coastal provinces in China, where sea level rise could lead to damage to facilities and higher infrastructure costs.	When constructing new factories, Conch Environment regards the risk of sea-level rise as one of the important factors in the site selection decision-making process. It regularly assesses the situation of the operation sites and strengthens the construction of infrastructure for relevant risk protection.
Transitional risk	Policies, laws and regulations	Increased cost of GHG emissions	As governments make ongoing efforts to honor their commitments under the Paris Agreement and the awareness of carbon emissions trading grows globally, greenhouse gas management policies and regulatory measures have been constantly improved. China has officially launched the National Carbon Emissions Trading Market. As more and more industries and companies are included in the carbon trading system, the cost of excess carbon emissions is expected to keep rising.	Conch Environment optimizes resource allocation by improving operational efficiency, reducing unnecessary energy consumption and waste in production and operation, so as to reduce greenhouse gas emissions.
	Technical risk	R&D cost of low-carbon technologies	Under the national "dual carbon" goals, Conch Environment has to actively control carbon emissions from operations and increase investment in developing clean technologies, to realize operations with low emissions. This means an increase of operating cost in the short term.	Conch Environment strives to promote alternative fuel projects to reduce dependence on traditional fossil fuel by utilizing non-traditional fuel resources, thereby achieving energy conservation and emission reduction as well as targets of environmental protection.

2 Safeguard the Environment, Drive Green Development

Risk management

Conch Environment incorporates climate risk into risk key issues of management, regularly analyzing potential climate risk factors, judging the impact on the Company and discussing countermeasures with business departments in accordance with climate risk identification, to help the Company effectively respond to the challenges of climate change.

Conch Environment's management procedures for climate change risk



Metrics and Targets

Conch Environment has formulated the target of reducing greenhouse gas emission, which is "continuously deepening the promotion and deployment of alternative fuel projects, strengthening the resource utilization of solid and hazardous wastes and actively responding to the dual-carbon target" to reduce greenhouse gas emission by actively adopting measures such as energy conservation and emission reduction, and increased resource utilization rate. We regularly monitor data of energy consumption and greenhouse gas emission, and disclose them on time to ensure the achievement of targets. During the Reporting Period, Wuhu Logistics, a subsidiary of the Group has successfully assembled a stationary air compressor system independently, which effectively reduced the fuel consumption of the original diesel-powered air compressor system, thereby achieving a decrease in carbon emission of 143.4kg per vehicle per month.

2.3 Water Resource Management

Conch Environment strictly complies with laws and regulations such as the *Water Law of the People's Republic of China*, and the *Law of the People's Republic of China on Water Pollution Prevention and Control*, strives to reduce the water resource consumption in the production process by adopting advanced water treatment technologies and recycling system to maximize the use of water resource. During the Reporting Period, we optimized the fly ash washing process through a series of measures, which has reduced water consumption.



Water Efficiency Goals

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

Conch Environment's water-saving measures

The fly ash washing treatment process changed to sequencing batch decalcification process, eliminating the use of sand filter tanks and removing the water consumption for washing the sand filter tanks

Reducing the integrated water-ash ratio of the process and prioritizing the initial rainwater for refilling water to reduce consumption of tap water

Reducing the water content of grade III mud cake to reduce water loss from drying wet ash

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

Type of water resource	Unit	2024
Tap water consumption	Tonne	486,136.32
Reused water consumption	Tonne	294,626.00
Tap water consumption per revenue	Tonne/thousand RMB	0.29

2 Safeguard the Environment, Drive Green Development

2.4 Energy Management

In line with laws and regulations of the places where it operates, such as the Energy Conservation Law of the People's Republic of China, Conch Environment continuously strengthens the construction of energy management system to achieve high-efficient use of energy by adopting advanced energy-saving technologies and equipment and optimizing structure of energy use.



Energy Efficiency Improvement Goals

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

Energy-saving Measures of Conch Environment

Optimize blending management to reduce energy consumption indicators through increased treatment volume.

Promote technological improvements to enhance operational efficiency.

Start with details such as eliminating "unbroken lights" and save energy consumption; monthly prepare and issue special analyses of electricity consumption to strengthen the management of electricity consumption indicators

Strengthen the management of the electricity consumption of the Company's production to increase utilization of off-peak electricity; promote the effective connection between photovoltaic power generation and daily production management, prepare and issue the Operation and Management Measures for Photovoltaic Power Generation to standardize the operation and management of photovoltaic power generation.

During the Reporting Period, we continued to explore energy-saving and emission-reducing technologies and successfully reduced electricity by optimizing the fly ash washing process with consumption electricity consumption per tonne treated reducing from 360kwh to 230kwh. In addition, we actively promote the construction of rooftop photovoltaic of our projects, and a photovoltaic power generation project with an installed capacity of 2.299MW was completed and put into operation, with a cumulative power generation capacity of 1,599,000kwh and a reduction in carbon emissions of approximately 850 tonnes.

Meanwhile, Conch Environment vigorously carried out alternative fuel projects used in cement kilns to reduce carbon dioxide emissions by using alternative fuels and general solid wastes with calorific value to replace part of the demand of coals for cement. As of the end of the Reporting Period, Conch Environment produced/added 302,400 tonnes of alternative fuels and saved approximately 170,000 tonnes of standard coal (standard coal= average calorific value of alternative fuel*added amount/calorific value of standard coal), effectively replacing traditional fossil fuels and reducing energy consumption.

The direct energy used by the Group mainly consists of natural gas, liquefied petroleum gas, coal, diesel and gasoline; the indirect energy consists of purchased electricity and purchased steam. During the Reporting Period, through the application and promotion of a series of energy-saving and emission reduction technologies, the Group's total energy consumption decreased by 4% year-on-year, equivalent to a reduction of 4,579 tonnes of carbon dioxide emissions, and the details of energy consumption and emissions are as follows:

Energy consumption	Unit	2024
Direct energy consumption	MWh	99,497.33
Indirect energy consumption	MWh	111,622.78
Total energy consumption ²	MWh	211,120.12
Energy consumption per revenue	MWh/thousand RMB	0.13
Greenhouse gas emissions	Unit	2024
Scope 1 greenhouse gas emissions ³	tCO ₂ e	29,688.88
Scope 2 greenhouse gas emissions ⁴	tCO ₂ e	59,412.29
Total greenhouse gas emissions	tCO ₂ e	89,101.16
Greenhouse gas emissions per revenue	tCO ₂ e /thousand RMB	0.05

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

3 The calculation of Scope 1 greenhouse gas emissions was based on the *Greenhouse Gas Protocol (GHG Protocol)* published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* published by the Intergovernmental Panel on Climate Change (IPCC). Scope 1 greenhouse gas emissions include natural gas, liquefied petroleum gas, coal, diesel and gasoline.

4 The calculation of Scope 2 emissions from purchased steam was based on the *Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions of Power Generation Facilities (2022) (HBQH[2021]No.111)* published by the National Development and Reform Commission for accounting and preparation. The calculation of Scope 2 emissions from electricity consumption was based on the *Electricity Carbon Dioxide Emission Factors for 2022* released by the Ministry of Ecology and Environment

CONCH

Robust Operations Drive Value Growth



Conch Environment manages its product quality and production safety with high standards and strict requirements, and continuously improves the synergistic development of the upstream and downstream of the industrial chain. In addition, the Company is not only committed to the research and development of efficient environmental protection technology, but also actively promotes the transformation of technological achievements, which has effectively addressed many environmental problems and demonstrated its desirable behaviors towards social responsibility and accountability.

3 Robust Operations, Drive Value Growth

3.1 Technology Innovation

Conch Environment adheres an innovation-driven development strategy that aims at constantly strengthening its technology leadership position. Through persistent research and development and exploration, it continuously bring novel, efficient solutions to the field of solid and hazardous waste disposal and resource utilization.

3.1.1 Research and Development in Innovative Technologies

To keep pace with the national green development strategy, the Group made its best efforts in the research and implementation of various environmental protection projects. With continuous technology innovation and mode exploration, we integrated advanced environmental protection concepts and technologies into the implementation of projects, supporting the promotion of the national ecological civilization construction and sustainable development goals.

During the Reporting Period, we invested a total of RMB 50,112,200 in research and development expenses, accounting for 2.97% of operating revenue. We are committed to making breakthroughs in the technological bottlenecks in the field of environmental protection and developing more efficient, sustainable green technology solutions in compliance with scientific norms in a bid to inject a strong impetus into the upgrading of the environmental protection industry.

R&D Strategies

With innovation-driven development as the core, Conch Environment has formulated its short-, medium- and long-term R&D strategies to guide the efficient conduct of R&D work, and seek to make breakthroughs in key areas such as energy conservation and emission reduction and the resourceful utilization of waste.

Short term

Building on our existing achievements in cement kiln synergy, fly ash washing and diversified resourceful utilization technology, sludge drying, medical waste, oil sludge and alternative fuels, we will continue to research and develop and optimize, reduce operating costs and accelerate the transformation of achievements.

Mid term

Conch Environment conducts its research and development work with focuses on solid and hazardous waste resourceful utilization. Its research works mainly center on the resourceful utilization of waste organic solvents and waste mineral oils, the extraction of rare and precious metals from waste catalysts in the petrochemical industry, the high-value utilization of by-product salts, and the resourceful utilization of bulk solid wastes and alternative raw materials.

Long term

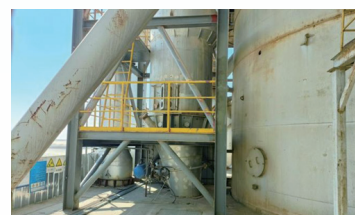
It will maintain foresight and sensitivity for scientific and technology innovation and strive to make achievements in new areas such as detection and disposal of new pollutants and disposal of waste photovoltaic modules for the purpose of providing strong intellectual support and innovation momentum to promote the development of the Company.

Key R&D Projects

By focusing on areas such as fly ash and municipal sludge and paying close attention to the key issues of the industry, Conch Environment carried out a total of 16 technology research and development projects. It mainly focuses on a number of research topics, including the *In-depth Research on Fly Ash Treatment Technology*, *Research on Municipal Sludge Dewatering, Drying and Resourceful Utilization Technology* and *Research on Technology of High-Value Utilization of Fly Ash and By-Product Salt*. During the Reporting Period, we completed the appraisal of scientific and technological achievements in respect of the technology regarding the drying and highly efficient synergistic utilization of waste heat and steam from municipal sludge-cement kiln, the appraisal results of which reached a leading level in China.

► Theoretical Study of Cement Kiln Dechlorination Facilities

In 2024, a chlorine removal system that can run with high temperature and high efficiency was successfully executed and put into use for a phase II project of Conch Cement in Suzhou. The system has significantly improved dechlorination efficiency, effectively controlling the chlorine ion content in clinker within internal control standards, while increasing the operation rate of the hazardous waste and slurry system relative to kiln from the previous 66% to over 90%.



► Municipal Sludge Dewatering and Drying Technology

Conch Environment uses its self-developed municipal sludge dewatering, drying and high-efficiency synergy utilization technology to dry sludge. The process generated an alternative fuel in the form of "combustible sludge", which can be fully utilized by cement kiln, effectively saving the coal consumption in cement production, reducing the consumption of ammonia and ferrous materials, and lowering carbon emissions. At present, the "combustible sludge" project has been successfully implemented and the kiln test of "combustible sludge" has been carried out. According to the production and operation data of the kiln system, using a tonne of "combustible sludge" can save about 181.62kg of standard coal.

3 Robust Operations, Drive Value Growth

Industry-Academia/Research Institute Research

Conch Environment is active in carrying out in-depth industry-academia/research institute cooperation. By joining hands with colleges and universities, it explores the research, development and application of new environmental protection technologies and processes. It established an open cooperation platform to promote the deep integration of theoretical knowledge and practical experience, facilitate the transformation of scientific and technological achievements into real productivity, which has increasingly improved the Company's core competitiveness in the field of environmental protection and contributed to the promotion of green development in the industry.

► Industry-Academia/Research Institute Cooperation Programs

- Together with Hebei University of Technology, the Company carried out a small pilot test on the continuity of carbon dioxide decalcification and carbon sequestration at an environmental protection site of Wuhu Conch. In which, it completed tests on the operating conditions optimization for decalcification by carbon dioxide absorption method, the model selection optimization for gas distributor and continuous stability, which has validated the feasibility and cost-effectiveness of industrialization, and demonstrated that expected indicators have been reached.
- Conch Environment made in-depth technical exchanges and discussions with universities and institutes such as Central South University, Anhui University of Technology and Kunming University of Science and Technology, focusing on the waste catalysts generated by the petrochemical industry and the pharmaceutical industry. After preliminary discussions, they determined an experimental program focusing on the recovery of platinum, palladium, rhodium and other rare metals from waste catalysts, which will be conducive to the sustainable recycling of resources and the green development of the industry.



3.1.2 Management of R&D Results

Conch Environment has continued to improve and revise the *Interim Measures for the Management of Technology Research and Development of Conch Environment* to refine management processes and incentive measures. We have provided support for research achievements by optimizing the R&D incentive review and related process, and standardizing reward for R&D achievements and patents.

► R&D Awards



The Company received the Third Prize in Building Materials Science and Technology Progress Award for the R&D and application of the key technology for the resourceful utilization of municipal solid waste in incinerating fly ash in fly ash water washing cement kilns



The applied basic research on co-processing fluorine-containing sludge in cement kilns was awarded the Third Prize for Basic Research in Science and Technology by the China Building Materials Federation

Protection of Intellectual Property

The Group has developed the *Interim Measures for the Management of Intellectual Property Rights of Conch Environment* in strict compliance with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and the *Anti-Unfair Competition Law of the People's Republic of China*. Our well-established management system of intellectual property has provided a solid backing for corporate technological innovation. During the Reporting Period, the Group applied for a total of 58 patents, with 48 patents granted, including 3 patents for invention, 39 patents for utility model and 6 patents for computer software copyrights.

Process of intellectual property protection

Preliminary search and analysis

In-depth search and comparison

Risk evaluation

Decision and response

Application and maintenance



3 Robust Operations, Drive Value Growth

Promotion of Industry Development

Conch Environment has played an active role in industry standard-setting, leading industry development. During the Reporting Period, we contributed to the standard formulation of the *Combustible Material Preprocessed from CMSW for Coprocessing in Cement Kiln (GB/T 35170-2024)*, facilitating the standardization of alternative fuels in cement kilns. The standard has now been officially published. Additionally, we have participated in drafting 5 engineering design and construction standards for the cement kiln co-processing of sludge, including the *Technical Specification for Co-Processing of Solid Waste in Cement Kiln* and the *Environmental Protection Technical Specification for Co-Processing of Solid Wastes in Cement Kiln*, conducive to driving the regulation and standardization of the sludge treatment industry.

Conch Cement has actively participated in industry exchange initiatives, not only sharing its latest achievements and technological strengths in environmental protection but also drawing insights from peers to explore new opportunities in cooperation in concerted efforts to foster innovation and development in the environmental protection industry and contribute to a greener, more sustainable future.

3.2 Quality Assurance

Conch Environment adheres to a quality-first principle, and is committed to building a comprehensive quality management system to ensure the highest standard for every stage from project planning to execution. We implement whole-process quality control, taking advantage of systematic management processes and digital tools to integrate strict quality standards into every detail of project construction and operation. Furthermore, we attach importance to fostering a quality-centered culture, enhancing employees' quality awareness and cultivating a corporate culture that strives for excellence to provide a solid foundation for quality development.

3.2.1 Quality Management System

Conch Environment adheres to a quality-centered principle, constantly optimizes quality management process and implements strict quality management standards throughout project life cycles. We have formulated and strictly implemented internal quality management systems such as the *Quality Process Management System*, the *Co-processing Dynamic Management Mechanism*, the *Hazardous Waste Collection, Acceptance and Disposal Process Management System*, the *Storage Pit Management System*, and the *Interim Measures for Emergency Solid & Hazardous Waste Expansion and Disposal Management*. We endeavor to ensure standardized operations and controllable risks at every stage, enhance overall quality management efficiency, and guarantee the safe and efficient operation of projects.

In addition to a robust institutional safeguard, we have established a comprehensive quality management framework to fully implement quality control measures. Conch Environment's access management department takes charge of overall quality management and supervision. Moreover, quality groups have been established across all regions to ensure effective execution of quality control measures. Additionally, each subsidiary has set up a quality management department according to their production, supervising key links such as material access management, compatibility management, and quality management. As of the end of the Reporting Period, Conch Cement and its 24 subsidiaries have obtained the ISO 9001 quality management system certification, ensuring scientific, standard and systematic quality management.

3.2.2 Whole-Process Quality Control

Conch Cement has consistently prioritized quality control as a cornerstone of corporate growth in our continuous pursuit of high-quality management and sustainable development. We enforce stringent management across multiple stages from material access and process quality management to engineering quality control to ensure the exceptional quality of our products and services.

Material Access Control

Conch Cement has established a systematic solid & hazardous waste access management system, and enforced a rigorous three-level access control mechanism to standardize waste management processes. Guided by the Management System for Collaborative Disposal, we have established a three-level management and control mechanism comprising contract access, scheduling access and production access. Full-chain closed-loop management has been realized, covering market research, contract signing, sorting, transportation, inspection & acceptance, compatibility management and final disposal. This helps ensure process safety and environmental controllability, and quality satisfaction for co-processed products.

▶ Contract Access

We assign qualified technical personnel to conduct on-site sampling and analysis of solid & hazardous waste materials, obtaining batch-specific data. Only materials passing lab testing proceed to contract signing.

▶ Scheduling Access

We confirm the requirements for material sorting, transportation, acceptance, and storage, clarify responsibilities and division of labor, assess safety and environmental risks, and implement detailed countermeasures to ensure controllable risks.

▶ Production Access

Guided by the principle of "enhancing safety risk control, restricting hazardous component levels, and improving disposal efficiency," we formulate compatibility plans and carry out material compatibility and disposal for both incoming and inventory materials.



ISO 9001:2015

Quality Management System Certification

3 Robust Operations, Drive Value Growth



Process Quality Control

In terms of process quality management, Conch Environment has established a series of internal control management indicators based on the quality of raw burning materials, product standards, and production process characteristics of the collaborative kiln, in accordance with relevant national standards and the Group's internal *Dynamic Management Mechanism for Co-disposal*. An accompanying management and assessment system has been put in place to ensure the effective implementation of these indicators. Additionally, we have adopted process quality management measures to mitigate quality and environmental risks during the production process.

▶ **Testing and Management of Incoming Raw Materials**

Regular testing is conducted on the raw burning materials (such as limestone, clay, sandstone, iron-containing materials, coal powder, etc.) used in the feedstock of the collaborative kiln, as well as the raw materials entering the kiln and the clinker exiting the kiln, to determine the baseline values of the collaborative kiln. These values are used to estimate the control indicators for the components of each disposal system.

▶ **Development of Control Plan for Harmful Components in Materials Entering the Kiln**

Based on the product quality indicators of the collaborative kiln and the baseline values, a comprehensive control plan for harmful components in materials entering the kiln is established. This plan defines the control indicators for harmful components in each disposal system to ensure the stable, safe, and environmentally controllable quality of the collaborative kiln products.

▶ **Establishment of an Admission Control Chart for Harmful Components**

Based on the control plans for harmful components, compatibility requirements, and disposal system capacities, the acceptable admission indicators for solid hazardous waste are defined. This sets the entry standards for harmful components in various materials from the source, ensuring the safety, environmental protection, and controllable quality risks in the disposal process.

▶ **Material Compatibility and Disposal**

According to the indicator requirements of each disposal system and the material inventory entering the plant, material compatibility work is carried out. Daily testing of the materials used in each disposal system is conducted, and if any non-compliance is detected, adjustments are made immediately to ensure compliance with the kiln entry requirements.

▶ **Testing of Harmful Components in Raw Materials and Clinker**

Daily testing is conducted on the harmful components in the cement plant's raw materials and clinker. Regular self-testing and external testing are carried out on the heavy metals in the raw and clinker materials, as well as the leachable heavy metal content of the clinker. High-frequency testing is performed to monitor clinker quality and ensure comprehensive control.

Project Quality Control

Conch Environment fully understands the importance of quality management in engineering projects for the sustainable development of the enterprise. To this end, we promote the achievement of industry-leading quality standards through institutionalized and standardized management. We have established and continuously updated the *Compilation of Construction Project Management System and Standardized Management Materials* to ensure that the management of newly built, acquired, and existing projects meets professional standards. During the Reporting Period, we optimized and improved the engineering design phase, continuously enhancing the quality and sustainability of engineering projects.



In addition, Conch Environment regards inspections as a crucial approach to ensuring engineering quality. It strictly implements inspections and promptly addresses any issues identified, reducing potential quality risks during construction.

Engineering Quality Assurance Measures

▶ **Quality and Safety Inspections**

We conduct inspections on the construction quality and safety of all ongoing projects, covering aspects such as embedded components, concrete pouring quality, and concealed work documentation. This ensures comprehensive monitoring of the engineering quality, safeguarding the stability and safety of the building structure.

▶ **Engineering Quality Specialty Inspections**

We implement specialized inspections for each project, with professional departments conducting in-depth on-site inspections. The project company performs inspections based on management and contractual requirements. The inspections cover areas such as equipment and material entry, qualifications of management and construction personnel, concealed work records, and financial document review. Any issues identified during inspections are rectified immediately to ensure that all projects meet the required quality and safety standards.

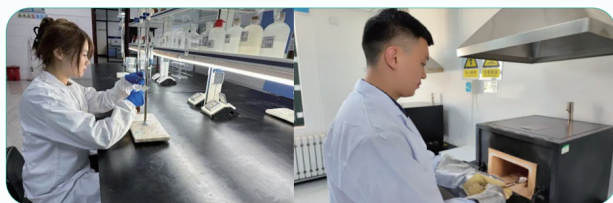
3 Robust Operations, Drive Value Growth

3.2.3 Quality Culture Development

Conch Environment places great emphasis on the development of internal quality culture within the Group. It actively conducts various quality culture related activities to enhance employees' quality management skills, strengthen their awareness of quality and responsibility, and lay a solid foundation for ensuring service quality.

► Quality Month Activities

In response to the 47th "National Quality Month", we adopted the theme "Strengthening Quality Support, Building a Quality Power Nation" to continuously improve the quality standards of testing and professional work. In September 2024, we successfully organized a series of activities, including chemical analysis comparisons, professional knowledge exams, and skill competitions, aimed at further strengthening employees' awareness of quality and professional skills. These efforts contribute to the construction of a strong quality nation. This series of initiatives represents our ongoing investment and deepening commitment to quality culture, as well as a vivid practice of improving our overall quality standards.



Chemical analysis comparisons



Online professional testing



Testing and analytical skills competition

► Production Quality Technology Conference

To enhance the production quality management and technical level within the Group, we held the production quality technology conference, which included a series of technical discussions and training sessions. This conference gathered professional technical personnel from production, quality, safety, and environmental protection departments across the group. Participants shared and learned advanced experiences and technologies in areas such as crane automation, material entry, on-site cleanliness management, fly ash sequential de-calcification processes, and control of harmful components at hazardous waste injection points in raw meal mills, thereby improving employees' technical expertise.

► Quality Specialized Training

During the Reporting Period, Conch Environment conducted training on clinker quality and hazardous waste management, as well as online and offline training on the standardized management of hazardous waste, cement production processes, and environmental protection regulations and technical specifications. The training covered all laboratory personnel and production technical management staff at the project companies. Through these training sessions, we standardized the hazardous waste management processes, strengthened the understanding of environmental protection regulations and cement production processes among relevant personnel, and promoted the continuous improvement of product quality.

3.3 Security Capacity Building

Conch Environment adheres to the people-oriented concept and strictly implements safe production measures to ensure the health and safety of employees. We comply with various production safety regulations, establish a comprehensive safety management system, and strengthen employees' safety awareness and operational skills through continuous safety education and training and potential hazard detection and rectification. At the same time, we actively promote occupational health management to ensure that employees work in a safe and healthy environment, so as to provide strong support for their long-term development.

3.3.1 Operational Safety and Security

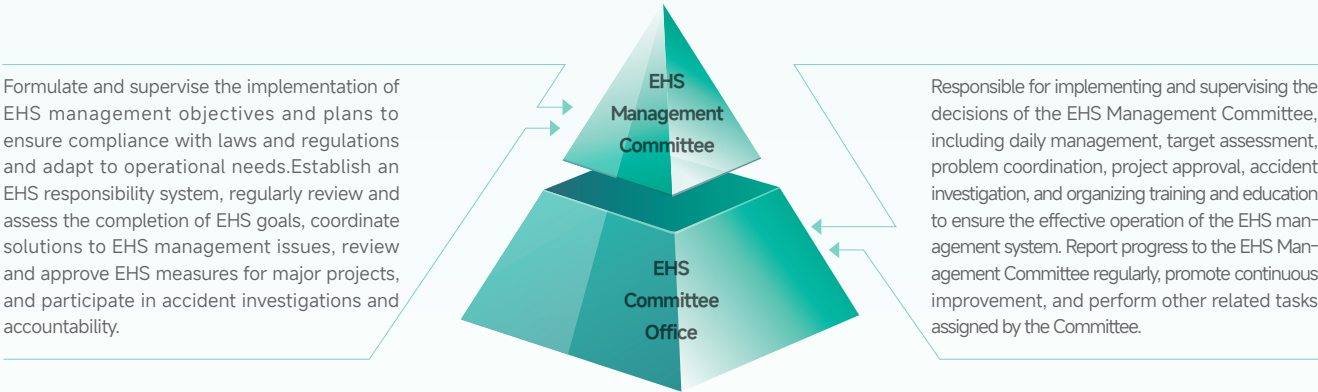
Guided by the overall goal of safety management for 2024, Conch Environment focuses on implementing a production safety responsibility system, improving production safety regulations and systems in all aspects and strengthening the foundation of safety management, in a bid to achieve full coverage in signing production safety and occupational health responsibility agreements with employees and ensure the implementation of production safety responsibilities.

In terms of system security, Conch Environment strictly abides by laws and regulations in places where we operate, such as the *Law of the People's Republic of China on Work Safety* and the *Measures for the Administration of Contingency Plans for Work Safety Accidents*, to ensure the compliance and safety of the Group's production and operation. At the same time, the Company has formulated the *Work Safety Accountability System* and amended the *Management System for Classification and Approval of Dangerous Operations* during the Reporting Period, in order to further promote the management of production safety and strengthen production safety. For any safety incidents that occur, we investigate and handle them in accordance with our internal systems based on the severity and specific circumstances of the incidents, ensuring that timely measures are taken to prevent recurrence of similar incidents and to protect the health and safety of our employees.

On the basis of a sound system security, we have established a safety management structure with clearly defined responsibilities. Conch Environment has established an EHS Management Committee, chaired by the general manager, with other members of the leadership team as deputy chairs, and the main person in charge of each department and subsidiary of the Group as committee members. The Committee Office is located within the Safety and Environmental Protection Department, led by the head of that department.

3 Robust Operations, Drive Value Growth

Safety Production Management Structure of Conch Environment



We continuously improve the responsibility management process for safety incidents, strengthen the supervision and rectification of hazardous waste projects, and carry out safety education and training based on a sound safety production management system and framework. In addition, we conduct safety inspections on construction units to optimize the overall safety management, prevent and control potential safety risks in the work environment, and establish a solid safety defense.

Comprehensive Safety Management Measures

Safety management process optimization

To strengthen safety management and accountability, Conch Environment employs a graded management approach for safety incidents based on the *Work Safety Accountability System*. Minor incidents are investigated and handled by project companies and regional professional teams, while major injuries and above are investigated by the Safety and Environmental Protection Department. In addition, we amended the dangerous work approval system to standardize on-site safety management, and utilized a safety alert system to strengthen risk control, ensuring timely and effective incident analysis and rectification, thereby improving safety management efficiency.

Hazardous waste project inspection and potential hazard rectification

To achieve standardized management of hazardous waste projects, Conch Environment carried out a company-wide standardized inspection and potential hazard rectification in 2024. A comprehensive inspection was conducted on all hazardous waste disposal projects based on the national assessment standards outlined in the *14th Five-Year Plan for National Standardized Environmental Management Evaluation of Hazardous Waste*. A total of 1,725 problems were identified, all of which have been rectified. This move helps improve the Company's safety management standards, ensure that the hazardous waste treatment process complies with national regulations and reduce environmental risks.

Safety inspection and training for relevant parties

To ensure the safety and compliance of construction for new projects, we conduct regular safety inspections of construction units to check the progress of training, implementation of safety measures, on-site safety hazard inspection, compliance with operational standards, personnel insurance, and safety construction certificates, etc., thereby improving the safety management level on construction sites. Meanwhile, we conduct safety training for relevant parties on a regular basis, covering aspects such as on-site hazardous factors and safety management during operations, to ensure that all construction activities meet safety standards and improve the Company's safety management efficiency and overall image.

Special safety education and training

The Group is committed to strengthening safety management and enhancing employees' safety awareness. We ensure that all safety incidents are analyzed and rectified in a timely and effective manner through incident investigation, safety education for all employees and case studies. During the Reporting Period, Conch Environment organized safety training courses, safety month activities, and specialized training on hazardous waste standardization, covering key points of safety management, safety standardization construction, emergency rescue, etc., aiming to improve employees' safe operation capabilities and emergency response skills, and build a solid safety barrier. During the Reporting Period, the total duration of occupational health and safety training reached 5,190.5 hours, with a training coverage rate of 100% and 22,853 participants.

Work Safety Knowledge Contest and Safety Speech Competition

Under the theme of "Everyone Values Safety, Everyone Masters Emergency Response – Ensuring Unimpeded Life Channels", Conch Environment continuously organized a series of safety month cultural activities to create a robust safety culture. These activities are designed to reinforce the concept of safety development, fulfill the responsibility of safety production, intensify the identification and rectification of major accident hazards, popularise the knowledge of safety production, enhance safety awareness and capabilities on avoiding and escaping from dangers, which has effectively prevented and resolved major safety risks.

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Conch Environment sets annual production safety targets based on its production safety management structure, which covers the safety performance of the Group's subsidiaries and external related parties. By closely linking the safety performance with the individual performance of the persons in charge of each unit, we effectively guide the management at all levels to focus on the safety management targets and promote the implementation of all safety work.

Safety management targets for 2024

- Zero fatal traffic liability accidents involving vehicles or employees' vehicles within the premises
- Zero fire liability accidents resulting in personnel injuries or direct economic losses exceeding RMB500,000 within the premises
- Zero new cases of occupational diseases

Achievement of safety targets for 2024

Achieved
Achieved
Achieved

3.3.2 Occupational Health and Safety

Conch Environment attaches great importance to the occupational health and safety of our employees and is committed to creating a safe and healthy working environment. We continue to strengthen our safety management system and implement occupational health safeguards to ensure the well-being of our employees and the sustainable development of the enterprise. During the Reporting Period, Conch Environment compiled the Compendium of Safety, Environmental Protection and Occupational Health Regulations in compliance with relevant national regulations on safety, environmental protection and occupational health. The Company also revised and issued the *Compilation of Safety Production and Occupational Health Systems* to provide systematic guarantee for occupational health and safety work. Notably, Conch Environment and 24 subsidiaries have passed ISO 45001 Occupational Health and Safety certification.

In terms of occupational health and safety initiatives, we have established and continuously improved the list of occupational health hazards, added new occupational hazards in a timely manner to the new medical waste disposal projects during the Reporting Period, while strictly adhering to national occupational health regulations to safeguard employee health and safety. Meanwhile, we commission a third-party institution to conduct occupational hazard factor testing and display the results at production sites. We also carry out occupational health checkups and establish occupational health files for our employees in accordance with regulatory requirements. For hazardous waste projects, the Group conducts status quo evaluations every three years to assess and enhance the safety of the working environment, strengthen the management of safety hazards and reduce occupational health risks.



ISO 45001:2018 Occupational health and safety management systems

Occupational health protection series measures

► Protective supplies

According to the needs of the site, Conch Environment regularly updates the types of protective supplies to ensure that employees are effectively protected.

► Occupational health checkup

Regular employee occupational health checkups are carried out to detect and deal with occupational contraindications in a timely manner and to ensure that employee occupational health management is effectively controlled.

► Risk identification

Conduct annual testing for occupational hazards and update warning signs to raise employee awareness and prevention of potential risks.

► Risk response

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

► Occupational Disease Prevention Publicity Week Activity

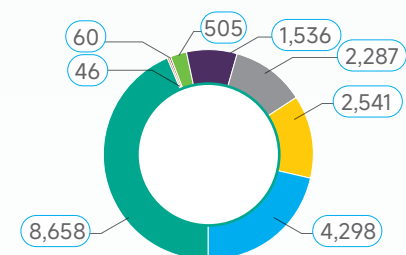
Conch Environment actively responded to the call of the *National Health Commission* by organizing the publicity week activity of the *Law on the Prevention and Control of Occupational Diseases* in 2024. Under the theme of "Safeguarding Occupational Health by Prioritizing Prevention", we produced the *Occupational Disease Prevention Brochure*, and carried out case education and emergency drills, etc., which effectively enhanced the employees' awareness of occupational health and emergency response capabilities, and enabled them to have a more in-depth understanding of prevention and control of occupational diseases, thereby further ensuring workplace safety and health.



3 Robust Operations, Drive Value Growth

3.4 Supply Chain Management

Conch Environment strictly complies with the laws and regulations applicable to the respective operational locations, such as the *Tendering and Bidding Law of the People's Republic of China* and the *Implementation Regulations of the Tendering and Bidding Law of the People's Republic of China*, and established and issued the *Regulations of Conch Environment on Tendering Management of Engineering Construction Projects* and the *Regulations of Conch Environment on Tendering Management of Engineering Construction Projects Equipment*, to ensure that all engineering and construction projects and equipment purchasing activities are conducted in accordance with the principles of openness, fairness, impartiality and honesty and to regulate the tendering activities of the Group's engineering construction projects, thereby safeguarding a good market order. During the Reporting Period, Conch Environment had a total of 19,931 suppliers, with the following distribution:



Distribution of suppliers by region

- Hong Kong, Macao and Taiwan
- Overseas
- Northeast China
- North China
- Northwest China
- Southwest China
- South China
- East China

3.4.1 Supplier Access

In the process of admission, we have set up clear entry conditions for suppliers by reviewing their corporate qualifications, business licenses, personnel information, records of defaults and legal disputes, etc., to strictly control the supplier bidding management process. At the same time, we also sign the *Agreement on Safe Production Management of Construction Works* and the *Commitment for Civilized On-site Construction* with the contractors to ensure that construction activities are carried out in a safe and orderly manner, thereby protecting the safety of the construction workers and the surrounding environment, and enhancing the overall management of the project. Conch Environment firmly resists all commercial bribery and misconduct. We require all suppliers to sign *Integrity Agreements*, promising to eliminate any form of commercial bribery and other misconduct. In addition, we have signed detailed

Production Safety Agreements with our suppliers in order to maintain the safety and smoothness of the production process, ensure construction safety and avoid accidents. During the Reporting Period, all suppliers signed Integrity Agreements, and the signing rate of supplier Production Safety Agreements was 100%.

3.4.2 Supplier Assessment

Upon establishing cooperation with suppliers, we will evaluate and score the suppliers once a year. A comprehensive evaluation is conducted mainly in terms of equipment supply on time, product quality, service quality, product price, drawing quality and other dimensions. Based on the results, suppliers will be categorized to manage, which incentivizes outstanding suppliers while providing improvement recommendations for those with problems, thereby fostering the continuous optimization and development of the cooperative relationship between parties.

For suppliers with comprehensive scores between 60 and 70, we will remind them to pay attention to the issues and include them in the inspection period, and reduce the frequency of cooperation until re-evaluation in the next year

Supplier Assessment and Elimination Mechanisms

For suppliers with a comprehensive score of less than 60 points, or any single score of 0 points, or with major quality problems, will be screened out and eliminated

Conch Environment attaches great importance to the ESG risk control of suppliers. We regularly check the implementation of safety, environmental protection and business integrity clauses in our projects, thus to take corrective measures for non-compliance in a timely manner and strengthen the training and education of our suppliers, thereby to jointly promote green and sustainable development. We require construction parties to be obliged to mitigate environmental impacts during the construction process and rigorously supervise safety hazards throughout the project construction, during which we organise weekly safety and civilisation inspections, regularly supervise and verify the operation of the safety management system and on-site safety control of outsourced units. For critical operations and high-risk activities, we conduct on-site supervision to ensure practice safety. For units and personnel involved in serious non-compliance, we carry out interviews with corresponding management.

Requirements for Supplier Ethics Review

Suppliers provide internal integrity agreements and regularly carry out verifications in accordance with the agreements

The Project Management Department, as the leading unit, improves the project construction management system and management process every year to minimize the risk of corruption

Management staff for the department's business, supervisors of subsidiaries and related personnel are required to sign a pledge of integrity practice with the Company every year

3.4.3 Supplier Empowerment

Conch Environment focuses on deep communication and collaboration with suppliers and is committed to driving the continuous advancement of the environmental protection industry through proactive interaction and knowledge sharing. To this end, the Group regularly organizes supplier exchange meetings to share the latest environmental policies, technological innovations, and market trends. Additionally, a series of professional training programs are conducted to enhance suppliers' capabilities in environmental management, safety production, and energy conservation and emissions reduction.

Supplier Communication

In February 2024, Conch Environment Project Management Department, in collaboration with the Conch Environmental Research Institute and Anhui Kebo Rui Environmental Technology Co., Ltd., engaged in a technical communication regarding the technical renovation plan for the Chaohu wastewater treatment system. The communication primarily focused on addressing existing issues within the wastewater treatment system and exploring the technical renovation solutions, with an emphasis on cost-saving measures, energy consumption reduction, and other strategies for improving future project implementation.

In April 2024, Conch Environment Project Management Department engaged in communications with Chongqing Jiangbei Machinery Co. LTD regarding centrifuge equipment. Using the application of horizontal screw centrifuges in the fly ash disposal project as a focal point, the communication thoroughly explored the principles, structure, and selection of materials for centrifuge equipment in fly ash disposal projects.

3 Robust Operations, Drive Value Growth

3.5 Responsible Service

Conch Environment continuously optimizes its service processes to ensure that every client receives professional, efficient, and tailored environmental solutions. We adhere to stringent standards of conduct, uphold integrity in our operations, and reject any form of false advertising or unfair competition. Our commitment is to earn market recognition through our strength and exceptional service.

3.5.1 Responsible Marketing

Conch Environment strictly complies with the laws and regulations, such as the *Advertising Law of the People's Republic of China*, the *Property Law of the People's Republic of China*, and the *Law of the People's Republic of China on the Protection of Consumers' Rights and Interests*, amended and issued three systems, including the *Measures for the Management of Pricing and Approval Process of Conch Environment*, the *Provisional Measures for the Management of Accounts Receivable (Third Revision)* and *Guidelines for the Salary Assessment and Incentive of Marketing Personnel (First Revision)* and the newly *Interim Management Measures for Customer Service Standardization* was formulated to further enrich and improve the system framework, and clarify the guidelines and norms for marketing staff to carry out business..

To strengthen the development of its marketing team and enhance the overall quality of its personnel, Conch Environment has intensified its compliance management training, further reinforcing marketing compliance controls with aim to build a highly professional and execution-driven marketing team.

► Centralised Training for Heads of Marketing Departments

In February 2024, Conch Environment organized a centralized training session for the heads of its marketing departments, with a total of 42 department leaders in attendance. The Legal, Audit, and Human Resources departments conducted specialized training on accounts receivable risk management, case analysis of audit and rectification issues, and the establishment of marketing team discipline, further strengthening the risk awareness and professional capabilities of the heads of marketing teams.



► Centralized Training for Marketing Professionalst

In May 2024, Conch Environment organized a centralized marketing training session at Fuping company in the Northwest region, with a total of 70 key marketing personnel in attendance. The training featured renowned experts from the environmental and management fields, who provided on-site instruction. The session focused on the interpretation of marketing management systems, access management processes, ethical business practices, and legal and regulatory case studies related to business operations. The training enhanced the fundamental skills of the marketing team and strengthened their awareness and understanding of compliance-driven marketing practices.



3.5.2 Customer Service

Conch Environment is committed to providing customers with more reliable, transparent, and high-quality service experiences and has formulated and implemented the *Interim Measures for Customer Credit Rating Management*, classifying customer credit levels as A, B, and C. By comprehensively evaluating customers' overall credit status, we strengthen partnerships with customers rated A and elevate customer management standards.

We continuously monitor evolving customer needs and released the *Interim Measures for Customer Service Standardization* in June 2024. It standardizes service protocols for solid and hazardous waste management clients, delineates responsibilities across departments and roles, and clarifies operational procedures to enhance service quality.

We conduct customer satisfaction surveys to proactively gather feedback and adjust service strategies biannually. These surveys, distributed online via QR code scans to all partners, evaluate gaps between customer expectations versus their experience, customer expectations versus service quality of the Company, as well as service quality standards versus actual service delivered, and other dimensions. Results are scored and ranked. Based on identified issues, we assign accountability, set timelines for improvements, and implement closed-loop management to boost satisfaction. During the Reporting Period, we did not receive customer complaints, with the customer satisfaction rate reaching 97%.

SATISFACTION
RATE

97%



CONCH

Collaborate with Conviction Facilitate Employee Growth



Conch Environment recognizes talent as valuable resources and the core driver of corporate growth. Upholding a people-centric philosophy, we attract and retain exceptional professionals through comprehensive training programs and competitive compensation packages, striving to build an industry-leading talent pool. Simultaneously, the Company fosters a harmonious, equitable, and inclusive work environment, enabling employees to grow alongside the corporation and contributing to sustainable development.

4 Collaborate with Conviction, Facilitate Employee Growth

4.1 Rights and Interests of Employees

Conch Environment continuously refines employee management systems and rigorously implements all measures to respect and protect the legitimate rights and interests of every employee. We provide competitive compensation and benefits, demonstrating support and care for our employees to enhance their sense of belonging and loyalty, fostering mutual success for both the Company and its employees.

4.1.1 Employee Employment

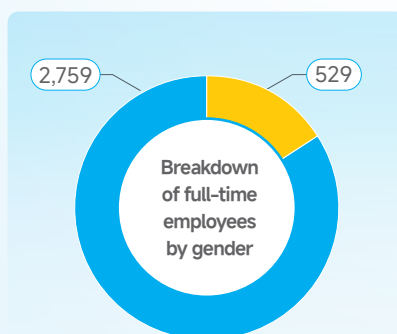
Conch Environment strictly complies with laws and regulations including the *Labour Law of the People's Republic of China*, the *Employment Promotion Law of the People's Republic of China*, the *Special Rules on Labour Protection of Female Employees*, the *Law of the People's Republic of China on the Protection of Minors*, and the *Provisions on the Prohibition of Using Child Labour* to ensure lawful employment practices and safeguard employee rights. We have established and continuously optimized internal policies such as *Management Methods for Selection and Appointment of Company Officers*, *Management Methods of Compensatory Leave Gathering and Verification and Declaration of Transportation Fees for Managers*, and *Implementation Methods for Subsidies of Contingent Personnel (Revised)* to provide institutional safeguards for the Group's human resource management.

We maintain a zero-tolerance stance toward child labor, forced labor, workplace discrimination based on ethnicity, gender, geographic origin, religious belief, or disability status, and all forms of workplace harassment or misconduct. We ensure equal pay for equal work and strive to build a fair, compliant, diverse, and inclusive work environment. During the Reporting Period, the Group did not engage in the employment of child labor or forced employment.

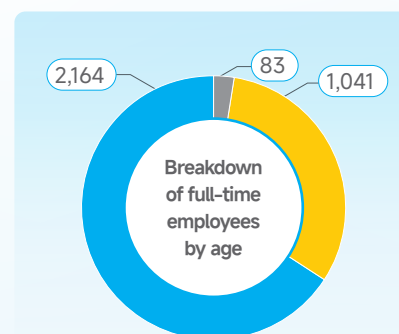
To promote talent diversity, we will increase efforts to recruit female candidates based on job requirements, ensuring equal development opportunities for female employees in suitable roles and raising the overall proportion of female staff to advance gender equality and workforce diversity.

We actively expand talent acquisition channels, conducting annual campus recruitment at universities. In 2024, the Group established partnerships with multiple universities, successfully recruiting approximately 40 graduates specializing in chemical engineering, mechanical engineering, electrical engineering, safety, and environmental protection through spring and fall recruitment, infusing fresh talent into the Group.

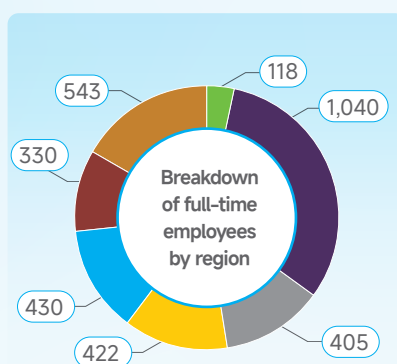
As of the end of the Reporting Period, the Group had a total of 3,288 full-time employees and 124 contingent employees. The breakdown of full-time employees is as follows:



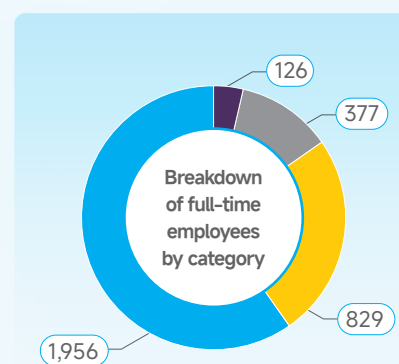
■ Male ■ Female



■ <30 ■ 30-50 ■ >50



■ Eastern ■ Southern ■ Northern ■ Central
■ Southwestern ■ Northwestern
■ Northeastern



■ Senior management ■ Middle management
■ General management ■ General staff

4.1.2 Remuneration Benefits

The Group actively advances a talent-centric corporate development strategy, attracting and retaining key talent through optimized system of remuneration benefits and enhanced incentive mechanisms. In 2024, we updated our special incentive system, refining reward criteria based on "profit contribution, market expansion, operational efficiency, and project implementation", while introducing a regional business incentives module to strengthen regional management coordination and support operational goal achievement. Additionally, we adjusted salaries for employees undergoing promotions or role changes to ensure compensation aligns with their responsibilities and seniority, fostering a fair and transparent pay structure.

Remuneration System of Conch Environment

Management positions

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

Technical and auxiliary positions

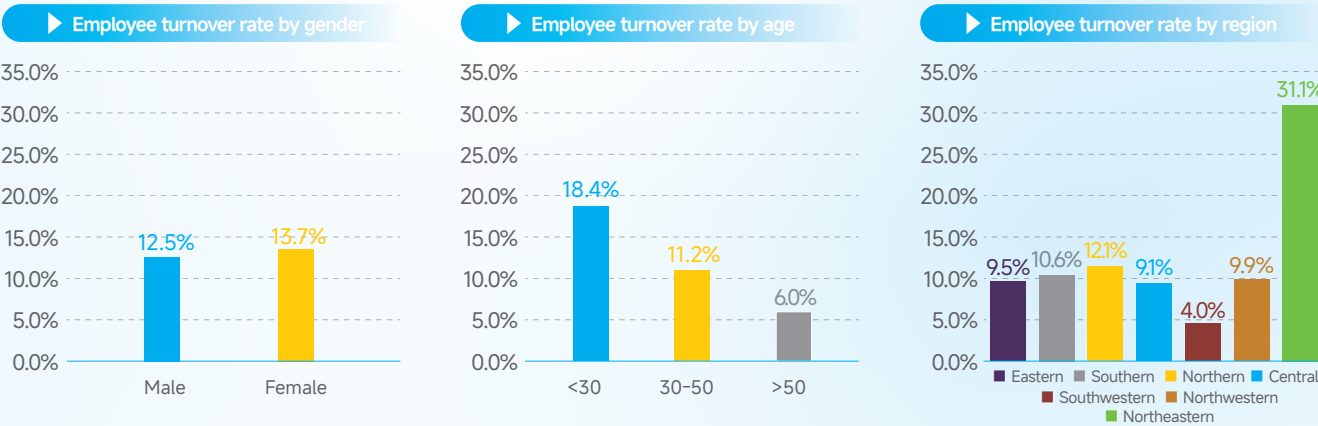
- Technical specialists in the parent company, and technical supervisors, professional technicians, operators, auxiliary personnel and logistics personnel in subsidiaries are paid with monthly basic salary consisting of minimum salary, education-based salary, post salary and post bonus
- Enjoy the special incentive system for management positions at the same time

4 Collaborate with Conviction, Facilitate Employee Growth

The Group strictly complies with the *Labor Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, the *Regulation on Paid Annual Leave for Employees* and other laws and regulations in the places where we operate to offer statutory benefits including five social insurances and the housing provident fund and statutory holidays for employees. In addition, we also provide additional benefits such as festival benefits, high-temperature subsidies and meal subsidies for employees and provide body checks with preferential prices for relatives of employees to further expand the benefit system.



During the Reporting Period, the Group's employee turnover rate was 13%. The turnover rate by gender, by age and by region was as follows:



4.2 Training and Development

Conch Environment continues to strengthen the construction of talent team as it believes that the growth of employees is key to the success of an enterprise. By establishing a comprehensive talent development system and continuously investing resources, we provide diverse training opportunities for employees. We offer wide development space for employees, injecting continuous momentum into the sustainable development of the enterprise.

4.2.1 Employee Training

Conch Environment attaches high importance to inspire employees' potential and improve their occupational skills. In order to enhance our talent pool and help each employee realize their own value, we constantly improve the talent development system by regularly revising the *Implementation Rules for the Management of Employee Training* to standardize the internal training management process of the Group. We established a comprehensive training program covering orientation training, training of skills for in-service employees, specialized training and leadership training with a view to comprehensively enhancing employees' professional skills and overall qualities.

Training System of Conch Environment

Orientation training

For new employees, we offer orientation trainings covering safety education, corporate culture, regulations, basics of the Company and responsibilities of each department, ensuring that they can adapt to the Company quickly.

Upgrading of skills for in-service employees

Annual training plans with task breakdown by months are prepared and issued in the beginning of the year. The departments organize professional knowledge and skill training, and evaluate the training effect. The training management and appraisal briefing will be regularly issued to ensure training quality and effects.

Large-scale specialized training activities

Specialized training sessions are organized regularly in light of business demands, covering key fields such as marketing management, safety and environmental protection, tax incentives, plan management and management of field supplies and environmental laws and regulations.

Leadership training

Training courses for management cadres are carried out to improve their comprehensive management capacities, thus helping them transform from production-oriented cadres to management-oriented cadres.

4 Collaborate with Conviction, Facilitate Employee Growth

► Targeted professional skill training

To promote employees' occupational development and the continuous development of the Group's business, Conch Environment actively encourages regional subsidiaries to develop targeted training programs annually and supervise each subsidiary to organize monthly professional knowledge and skill training based on the actual needs of employees. During the Reporting Period, we strengthened foundational management in human resources and administration by conducting three-day professional system personnel training, with over 60 employees participating. This initiative significantly enhanced employees' professional competence. Additionally, to improve marketing management capabilities for market expansion, we implemented another three-day professional system personnel training, with over 70 employees participating.

In order to motivate employees to improve academic qualifications and professional titles, Conch Environment revised and issued the *Guiding Opinions on the Reeducation of Employees*, which increase the proportion of rewards for intermediate and above titles, as well as for environmental chemical engineering professional titles. In 2024, the proportion of intermediate and above personnel increased by more than 20% with the number of employees who obtain qualifications increasing by 9% year on year. The title awards have been realized in accordance with the requirements of the Guiding Opinion. These initiatives not only improve employees' professional quality, but also laying a solid talent foundation for the Group's long-term development. In 2024, a total of 100 employees obtained RMB725,000 in total as rewards.

Academic Advancement Program and Vocational Qualification Certification Program of Conch Environment

► Vocational qualification certification program

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

► Academic advancement program

- Employees have passed the national unified entrance examination through self-study and obtained the admission qualification of master's degree or doctoral degree in the profession related to his/her job (subject to the admission letter).
- The Company will offer tuition subsidies upon the Management Committee's examination of the written application submitted by the employee.

During the Reporting Period, 100% of the Group's employees received training, with total training and development hours of 24,660 and average training hours of 7.5 hours per person.

4.2.2 Employee Development

Conch Environment maintained its focus on talent development. Through the continuous implementation of the "Talent Strategy", it seeks to enhance the construction of career promotion system which helps employees to realize their career growth and planning and strengthen the core competitiveness of the company.

We have established a standardized talent promotion management system characterized by standardized process that ensures a fair and transparent promotion mechanism, creating a multi-dimensional career development channel for employees. In terms of institutional construction, we have formulated internal systems such as the *Administrative Measures for the Selection and Appointment of the Company's Cadres*, *Interim Measure for the Selection of Middle-level Management* which specified clear standards and procedures for talent selection, ensuring the fair and standardized talent selection. At the same time, we have established a performance evaluation system focusing on business capabilities and work performance. Through the combination of mid-term and year-end performance evaluations, we systematically evaluate employees' business capabilities and work performance and take the evaluation results as an important basis for talent selection.

In terms of the cultivation of young cadres, the Group has established a specialized management mechanism during the Reporting Period. We select and recommend outstanding young cadres based on semi-annual and annual comprehensive evaluations. The selection process includes democratic recommendations, professional department reviews, and office meeting deliberations to ensure the objectivity and fairness of the assessment results. For selected young cadres, we implement customized training programs and conduct systematic training to enhance their professional capabilities. Meanwhile, we have established a dynamic talent management mechanism to regularly assess members of the talent pool and make dynamic adjustments for those who do not meet standards according to regulations, thereby continuously improving the quality of our talent pool.

4.3 Communication and Caring

Conch Environment is committed to establishing an open, transparent, and efficient employee communication system to collect employees' opinions and suggestions, ensuring that employees receive timely and effective feedback. Meanwhile, we actively carry out employee caring activities to enhance emotional exchanges with employees, effectively protect their rights and interests, and strive to improve employees' job satisfaction and well-being.

4.3.1 Employee Communication

We earnestly safeguard employees' rights to be informed, to participate, and to express their views, continuously enhancing the quality and effectiveness of democratic management within the enterprise. The headquarters has set up complaint and reporting hotlines and email addresses, while each subsidiary has established complaint and reporting mailboxes and other channels to listen to employees' voices and ensure smooth communication with them. All appeals are investigated and reported by the Discipline Supervision Office at the headquarters or the offices of the subsidiaries, facilitating the timely resolution of issues.

While facilitating communication channels for employees, we also promote and implement the work of safeguarding employees' rights and interests, thereby enhancing the democratic management of the Group. During the Reporting Period, we reviewed and approved various internal systems including the *Collective Agreement*, the *Special Collective Agreement on Wage Collective Negotiation*, the *Special Collective Agreement on the Protection of Female Employees' Rights and Interests*, and the *Implementation Rules for Employee Management*, providing an institutional foundation for safeguarding employees' rights and interests. By the end of the Reporting Period, in accordance with the principle of establishing trade unions wherever applicable, 17 trade unions had been established in various regional subsidiaries of Conch Environment, covering over 10 provinces, municipalities, and autonomous regions such as Anhui, Shaanxi, Chongqing, and Shandong, further promoting the establishment of harmonious labor relations.

4 Collaborate with Conviction, Facilitate Employee Growth

ESG

4.3.2 Caring for Employees

Conch Environment is dedicated to implementing employee caring plans by organizing visits, coolness-bringing activities and a variety of recreational and cultural activities to enhance communication between us and our employees. These activities also reflect the Group's firm commitment to improving employee welfare, fostering a positive corporate atmosphere, and promoting the implementation of social responsibility practices.

▶ Visiting employees in need

In the process of actively promoting the implementation of employee caring policies within the Group, we visited employees who have been steadfastly performing their duties and those facing difficulties. We engaged in in-depth communication with employees in need, encouraging them to maintain confidence and face life's challenges with a positive and optimistic attitude. This initiative demonstrates the Group's great concern for employee well-being and our responsibility, effectively enhancing employees' sense of belonging and laying a solid foundation for building a harmonious corporate culture.



▶ Coolness-bringing activities in Summer

During the Reporting Period, subsidiaries such as Yangchun Conch Environmental Protection organized coolness-bringing activities, providing maintenance employees working under high temperatures with summer heatstroke prevention supplies such as Wang Laoji herbal tea and chrysanthemum tea, and reminding them to take precautions against heatstroke and protect themselves. This initiative not only safeguarded the employees' health but also enhanced their sense of belonging and established a responsible corporate image.



▶ Cultural and sports activities for May Day

To celebrate the arrival of International Workers' Day (May Day) and further enrich the amateur cultural life of the employees, as well as enhance their cohesion and sense of happiness, Tongchuan Conch Environmental Protection, in collaboration with Fenghuang Construction, jointly organized a cultural and sports event titled "Celebrating May Day, Promoting Unity, and Showcasing Talents" at the outdoor staff activity center on 26 April. This event aimed to foster communication and cooperation among employees through a variety of cultural and sports programs, jointly creating a joyful and harmonious festive atmosphere.



▶ Youth spring outing activity

To guide and inspire young workers to carry forward the spirit of the May 4th Movement, rally their enthusiasm and drive and showcase their talent and vitality, on 4 May, Yiyang Conch Environmental Protection and Yiyang Conch Cement jointly organized the youth spring outing activity to celebrate May Day and May Fourth Youth Day.



CONCH

Give Back to Society Shoulder Responsibilities



As a highly socially responsible enterprise, Conch Environment has always regarded repaying society as its own duty, and actively carries out public welfare and charity initiatives as well as community-building efforts to promote the co-creation and sharing of both commercial value and social value.

5 Give Back to Society, Shoulder Responsibilities

5.1 Community Public Welfare

While promoting its own growth, Conch Environment has always adhered to its original responsibility as a corporate citizen. Guided by the philosophy of "being a responsible and outstanding environmental protection enterprise," we deeply integrate the concept of public welfare with industrial development. On the one hand, we fully leverage our industry advantages and resources to actively assist government departments in the emergency disposal of hazardous waste, contributing our strength to maintaining community safety and stability. On the other hand, we have established the Environmental Open Day to carry out environmental protection publicity and education activities for the community, raising public awareness of environmental protection and spreading positive green energy.

Yulin Conch Environmental Protection Participated In Hazardous Chemical Leakage Emergency Rescue Efforts

In November 2024, a "sodium phenolate solution" leakage incident occurred near National Highway G244 in Yulin. Upon receiving a notification from the local Emergency Management Bureau, Yulin Conch Environmental Protection urgently dispatched 12 emergency vehicles and 15 personnel to the incident site at 1 a.m. to contain, collect, and load the leaked material. The rescue operation involved the handling of 99 truckloads of contaminated wastewater, totaling 1,623.39 tons, and 11 truckloads of contaminated soil, totaling 420.92 tons. The leakage of the solution at the site was effectively contained, minimizing soil and water pollution, fully embodying the "unity, innovation, dedication, and commitment" spirit of the Conch team, and reflecting the Group's positive corporate image and social responsibility.



Dengfeng Haizhong Assisted With Solid Waste Management Upon Request From The Luyi Government

Dengfeng Haizhong actively managed solid waste involved in the "July 20" illegal solid waste dumping case. Despite facing numerous challenges—including complex construction conditions, tight deadlines, and rainy weather—Dengfeng Haizhong rose to the occasion by coordinating efforts among various parties, organizing transportation vehicles, and ensuring deadlines, work quality and safety. This proactive approach showcased the company's strong reputation and service commitment, earning full recognition and high praise from the Luyi branch of the Zhoukou Ecological Environment Bureau.

周口市生态环境局鹿邑分局

表扬信

登封海中华环保科技有限公司：

由贵司执行的周口市生态环境局鹿邑分局关于“7.20”非法倾倒固体废物案件涉案固体废物处置项目2包项目自开工以来，在贵司的高度重视和配合下，保质保量的完成了我局的相关要求，赢得了我局及相关单位的一致认可。

在施工的关键时期，面对施工现场条件复杂、工期紧张、周边环境复杂和雨水天气较多等诸多不利因素，贵司领

Yiyang Conch Environmental Protection Held A Public Open Day

In June 2024, Yiyang Conch Environmental Protection held the Environmental Open Day themed "Advancing Beautiful China Construction" and invited teachers and students from Yaofan Primary School to participate. During the event, guides explained environmental measures such as waste-to-energy and waste reduction, led a laboratory tour to introduce key instruments and pollution control processes, and provided on-site inspections of solid and hazardous waste storage facilities as well as wastewater and air pollution treatment facilities. Through the approach of "seeing in person, listening attentively, and sharing together", students gained a clearer understanding of environmental monitoring work. This event not only demonstrated the processes of harmless treatment, reduction, and resource utilization of solid and hazardous waste but also enhanced students' awareness of participating in environmental protection to help build a beautiful homeland.



Conch Environment Launched Series Of Events For Environment Day (June 5)

In June 2024, to celebrate the 53rd World Environment Day and the 10th National Environment Day, Conch Environment organized a series of diverse environmental awareness activities across the country.

Wuhu Conch Environment invited students from Fanchang District's Fourth Primary School to tour

the fly ash washing control room, where guides detailed the collection, storage, and disposal processes of solid and hazardous waste, and addressed students' questions about "turning sludge into treasure" and showcased the environmental value of cement kiln collaborative disposal technology. A Rongqi Haimeng company distributed environmental awareness materials to community residents, explaining hazardous waste processing techniques and encouraging a green lifestyle. Shaoguan Conch Environment, in collaboration with the local Ecological Environment Bureau and the Court, held themed events, toured areas such as the culture corridor and control room of the company, and invited experts to conduct lectures on ecological environment topics to promote environmental protection concepts. Xingye Conch Environment actively participated in promotional activities with the Yulin Ecological Environment Bureau, sharing the company's project layout in Guangxi and experiences in "zero-waste city" development, while addressing public inquiries on environmental protection.

In recent years, Conch Environment has established regular communication mechanisms with local ecological environment bureaus and utilized public open days and similar events to promote green production and lifestyle practices. These efforts effectively demonstrated its industry leadership, advanced standardized hazardous waste disposal, managed pollution in a scientific manner, and transformed waste into resources, thereby injecting green momentum into ecological civilization construction.



5 Give Back to Society, Shoulder Responsibilities

Conch Environment Participated in the 2024 Macao International Environmental Cooperation Forum & Exhibition

In 2024, Conch Environment was invited to the Macao International Environmental Cooperation Forum & Exhibition (MIECF) and showcased the Company's advanced solid waste disposal technologies and application results at the Guangdong Green Innovation Technology Promotion Conference. At the conference, Conch Environment highlighted its project layout and operational developments in Guangdong and the Greater Bay Area and conducted in-depth discussions with industry experts and exhibitors to explore potential business cooperation opportunities. This event further enhanced Conch Environment's influence in the Greater Pearl River Delta and Guangdong-Hong Kong-Macao Greater Bay Area and demonstrated the Company's innovative capabilities and industry leadership in environmental protection.



5.2 Charitable Donation

Conch Environment actively responds to societal needs and encourages its employees to participate in social welfare activities, vividly demonstrating the responsibilities and commitments of corporate citizenship through practical actions.

Shaoguan Conch Environment Organized Children's Day Activities

On the occasion of the 2024 International Children's Day, Shaoguan Conch Environment visited Tang Village Primary School in Huilong Town to carry out Children's Day activities themed "Childlike Joy, Happy June 1st." During the event, the company representatives presented exquisite holiday gifts to the school and students, and organized a series of diverse activities, including etiquette lessons, DIY painted hand fans, and painted straw hats, allowing the children to deeply feel the care and steadfast support from society.



CONCH

Refine Governance Steadily Advance for Excellence



Conch Environment attaches great importance to and has established a well-defined governance structure with clear authorities and responsibilities. By enhancing risk management capabilities and strengthening business ethics management, Conch Environment collaborates with all parties to drive high-quality development of the industry.

6 Refine Governance, Steadily Advance for Excellence

6.1 Corporate Governance

Conch Environment strictly complies with the *Company Law of the People's Republic of China*, the *Corporate Governance Code* as set out in Appendix C1 of the *Main Board Listing Rules of the Stock Exchange* and other relevant laws and regulations. The Company continuously improves its corporate governance structure and enhances its board diversity, in order to create a safe and stable operating environment for the realization of long-term, healthy and sustainable development of the enterprise.

6.1.1 Board Governance Structure

The Board, as the highest governance body, is responsible for leading and supervising the business, strategic policies, and performance of the Group, as well as fulfilling corporate governance responsibilities, which includes improving the governance framework, formulating the overall strategic planning, and determining long-term performance and management objectives, etc. The Board has established the Audit Committee, the Remuneration and Nomination Committee, and the Strategy, Sustainability and Risk Management Committee. Such committees oversee the Group's relevant operations and management on the basis of their specialized functions, ensuring the efficient operation and scientific decision-making of the Board.



In 2024, the Board and its respective committees convened meetings to review and pass resolutions on material issues of the Company. During the Reporting Period, the Audit Committee held 2 meetings; the Remuneration and Nomination Committee held 2 meetings; and the Strategy, Sustainability and Risk Management Committee held 1 meetings.

As of the end of the Reporting Period, the Board of Conch Environment comprises 9 directors: including 3 executive directors (33.3%), 3 non-executive directors (33.3%), and 3 independent non-executive directors (33.3%).

Board of Directors of Conch Environment

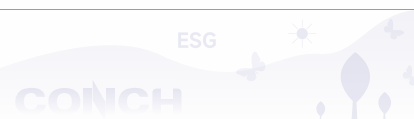
Executive directors	Non-executive directors	Independent non-executive directors
Mr. Wang Chunjian	Mr. Li Qunfeng (Chairman)	Mr. Ding Wenjiang
Ms. Liao Dan	Mr. Jiang Dehong	Ms. Wang Jiafen
Mr. Fan Zhan	Mr. Ma Wei	Ms. Li Chen

Conch Environment maintains good communication with investors and other stakeholders. Through multiple channels including interim/annual reports, The Stock Exchange announcements, roadshows and investor forums, we ensure timely and transparent information disclosure to strengthen trusts from investors. In 2024, the Group issued 39 announcements in total, convened 10 meetings including annual general meetings, board meetings and specialized committee meetings, and conducted over 20 investor engagement activities including site visits, domestic and overseas investor conference calls and results roadshows.

6.1.2 Board Diversity

Conch Environment regards board diversity as a key factor for achieving corporate sustainable development, and is committed to establishing a diversified and professional Board of Directors. In the selection of Board members, we rigorously adhere to diversity principles by comprehensively evaluating candidates' professional qualifications, cultural and educational backgrounds, vocational skills, gender, age and tenure duration. We have established board diversity objectives and conducts regular evaluation on the implementation of board diversity, to ensure decision-making transparency and efficiency of the Board. As of the end of the Reporting Period, the Group appointed 3 female directors, with all Board members holding tertiary education degrees and possessing extensive industry experience, demonstrating the Group's full achievement of the board diversity objectives.

6 Refine Governance, Steadily Advance for Excellence



The Board Diversity Target of Conch Environment

At least **80%** of the Board members being university educated

At least **80%** of the Board members have China-related work experience

At least **1** female director

At least **1/3** of the Board members being independent non-executive directors

Board Diversity of Conch Environment

Gender	Male	6
	Female	3
Age	41-50	3
	51-60	5
	Above 60	1
Cultural and Educational background	Bachelor	5
	Master	3
	Doctor	1
Position	Executive directors	3
	Non-executive directors	3
	Independent non-executive directors	3

6.1.3 Internal Control and Risk Management Structure

Conch Environment has strictly complied with laws and regulations such as the *Company Law of the People's Republic of China*, the *Civil Code of the People's Republic of China* the *Basic and the Norms for the Internal Control of Enterprises*, as well as several internal management systems such as the *Management Measures on the Establishment of Internal Control System*, the *Management Measures on Internal Control Evaluation* and the *Internal Control Manual*, to standardize internal control processes and strengthen risk management capabilities. In 2024, based on the actual situation of the Company's department structure, we comprehensively updated our internal guidelines covering departmental responsibilities, job position descriptions and internal control manuals to ensure that our risk management work is well organized and documented.

The Group has established an improved three-level risk management structure, pursuant to which, the Strategy, Sustainability and Risk Management Committee are the ultimate responsible departments for the risk management work of the Group. The division of functions at all levels is clearly defined to effectively safeguard the implementation of risk management and internal control.

Risk and Internal Control Management Framework of Conch Environment

Strategy, Sustainability and Risk Management Committee	<ul style="list-style-type: none"> Supervising and reviewing the risk and internal control management system; Supervising the effective implementation of internal controls and the self-evaluation on internal control; Coordinating and directing internal control audits and other related matters.
Audit Department	<ul style="list-style-type: none"> Supervising the implementation of internal control; Submitting internal audit reports with rectification comments and recommendations; Conducting follow-up or subsequent audits on the rectification in the light of the specific circumstances and nature of the issues identified in the audit.
Business Departments and Subsidiaries	<ul style="list-style-type: none"> Establishing and improving of internal control processes within the scope of responsibilities; Conducting business activities in accordance with internal control requirements; Proposing and improving business management processes for the department and the specialty; Receiving and cooperating with internal control evaluation and supervision.

In 2024, the Group adhered to the implementation of the control objectives of "strengthening internal control, preventing risks and promoting compliance" and issued the *Key Points of Internal Control Management of Conch Environment*. By focusing on the Group's key businesses, critical processes, and important positions, the annual self-evaluation on internal control was conducted for subsidiaries with established internal control systems. Evaluations were performed to examine the effectiveness of internal control design and implementation, as well as the applicability of existing management policies. As of the end of the Reporting Period, the Group had identified a total of 1,224 design or implementation deficiencies. All relevant units were promptly instructed to rectify such issues, forming a closed-loop management process to further enhance the effectiveness of related policies and the compliance of business activities.

In addition, we conduct regular audits regarding significant operational risks on a regular basis, identify risks and conduct focused audits on areas with a higher level of risk, thus to evaluate the effectiveness of internal control and risk management and enhance risk management capabilities. During the Reporting Period, we conducted a total of 17 audits on the economic responsibility of the leaders of our subsidiaries, representing a target completion rate of 106%.

6 Refine Governance, Steadily Advance for Excellence

6.1.4 Business Ethics

Conch Environment strictly adheres to relevant laws and regulations, including the *Supervision Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and the *Prevention of Bribery Ordinance*. Internal policies such as the *Anti-Fraud Implementation Guidelines*, the *Anti-Money Laundering Management Measures*, *Disciplinary Commission Work Rules*, the *Interim Measures for Handling Disciplinary Complaints and Reports*, the *Complaints and Reporting Management Measures*, and the *Reception Management Measures* have been established to enforce a "zero-tolerance" stance against corruption, bribery, monopolistic and unfair competition, money laundering, and other unethical business practices. We have established a business ethics management framework comprising the Discipline Inspection Commission and discipline teams of the subsidiaries to oversee daily compliance and ethical conduct.

The Group conducts regular disciplinary inspections focusing on key areas such as integrity building in Party conduct, "Three Major and One Large"⁵, procurement, and asset management. Any violations of business ethics are promptly reported and addressed to ensure the effective implementation of the Group's ethical compliance policies. As of the Reporting Period, the Group has carried out 11 rounds of inspections across 28 subsidiaries in 10 regions, issuing 20 supervisory reports. A total of 93 issues involving correcting deviations, plugging loopholes and mitigating risks were identified, with 78 recommendations proposed. Accountability measures were enforced against responsible personnel to rectify the identified concerns.

The Group has established open, transparent, and accessible whistleblowing channels to encourage employees and stakeholders to actively report any unethical business conduct. A strict whistleblower protection mechanism is in place, ensuring that the lawful rights and interests of whistleblowers are safeguarded. It explicitly prohibits the disclosure of whistleblower identities or report details in any form. Any acts of retaliation against whistleblowers will be investigated and held accountable.

**Reporting Channels for Business Ethics
of Conch Environment**

✉ Email: hlhbjw@163.com

☎ Hotline: 0553-8398850

Conch Environment regularly conducts training on business ethics and anti-corruption for its employees to pass down its commitment to integrity and create a clean and positive culture. As of the end of the Reporting Period, the Group's *Code of Business Conduct policy* covered 100% of its employees. The Group conducted a total of 5 specialised business ethics training sessions for the Board members and senior management, with 8 training hours per capita, and a total of 71-hour business ethics training sessions for all employees, with 3,500 participants in aggregate.

► The Party Committee of Conch Environment Organised a Party Discipline Learning and Education Study Class

In May 2024, the Party Committee of Conch Environment organised a Party Discipline Learning and Education Study Class. Attending Party members deepened their understanding of General Secretary Xi Jinping's important discussions on Party discipline through individual study, group learning, warning education, and watching special documentaries. This study effectively enhanced Party members' and officials' awareness of the importance of Party discipline, guided and motivated them to learn, know, understand, and uphold Party discipline, while constantly reminding themselves of the importance of discipline, maintaining vigilance, and fostering a sense of respect.



During the Reporting Period, there were no corruption litigation cases against Conch Environment.

6.2 ESG Governance

6.2.1 Board Statement

The Board Responsibilities

The Board assumes ultimate responsibility for ESG management approach, strategy, target setting and monitoring of target progress, and ESG performance of Conch Environment, and is fully accountable for the ESG reporting strategy and reporting. The Strategy, Sustainability and Risk Management Committee of the Board assists in the implementation of ESG governance, ensures the implementation of ESG policies, monitors and checks ESG-related performance, risks and targets, as well as makes appropriate adjustments to the ESG strategy and reviews ESG reports. The committee consists of four Board members with one chairman. Its responsibilities are detailed in the *Terms of Reference of the Strategy, Sustainability and Risk Management Committee of the Board of Directors*⁶.

ESG Daily Implementation

The ESG Working Group is responsible for assisting in the implementation of the daily execution of ESG-related issues, and is headed by Mr. WANG Chunjian, the Executive Director. The ESG Working Group is responsible for the implementation of ESG work, the establishment of ESG indicator system, the regular collection of ESG-related information every quarter, and the integration of sustainable development into daily operations. At the same time, the ESG Working Group regularly reports to the Strategy, Sustainability, and Risk Management Committee and makes improvements based on the Committee's recommendations.

⁵ "Three Major and One Large" represents significant decisions, major personnel appointments, investment decision on major projects, and large-sum fund operations.

⁶ <http://en.conchenviro.sh20.sdiw.cn/upload/2022-03/164851432212460700.pdf>

6

Refine Governance, Steadily Advance for Excellence

ESG

CONCH

ESG Risk Management

The Strategy, Sustainability and Risk Management Committee of Conch Environment conducts materiality assessments on ESG-related risks, establishes corresponding risk response measures in collaboration with various functional departments, and at the same time identifies and adjusts business development direction for climate change risks, and continuously monitors the ESG-related risks and responsibilities of the Group.

Analysis of Materiality Issues

Conch Environment maintains effective communication with internal and external stakeholders, from which it identifies material ESG risk issues and formulates corresponding sustainable strategies, objectives and management policies. During the Reporting Period, the Strategy, Sustainability and Risk Management Committee chaired the work of identifying and analyzing material issues with a total of 22 material issues identified, which were submitted to the Board of Directors for review and approval.

6.2.2 ESG Governance Framework

Conch Environment is committed to integrating concept of sustainable development with the Company's development strategy and business decisions. We have established a clear, stable and efficient three-level ESG governance structure. The Strategy, Sustainability and Risk Management Committee at the board level has been formed to oversee the implementation of the Group's ESG policies, goals and strategies, and regularly reports on ESG performance of the Group to the Board. The ESG Working Group under the Strategy, Sustainability and Risk Management Committee has been set up to coordinate with the Company's functional departments and subsidiaries to ensure the effective implementation of ESG initiatives.



We incorporate indicators such as risk management, occupational health and safety, innovation and R&D, and energy conservation and emissions reduction into the performance evaluation of Board members and senior management, so as to continuously enhance their involvement in ESG management.



6 Refine Governance, Steadily Advance for Excellence

6.2.3 Communication with Stakeholders

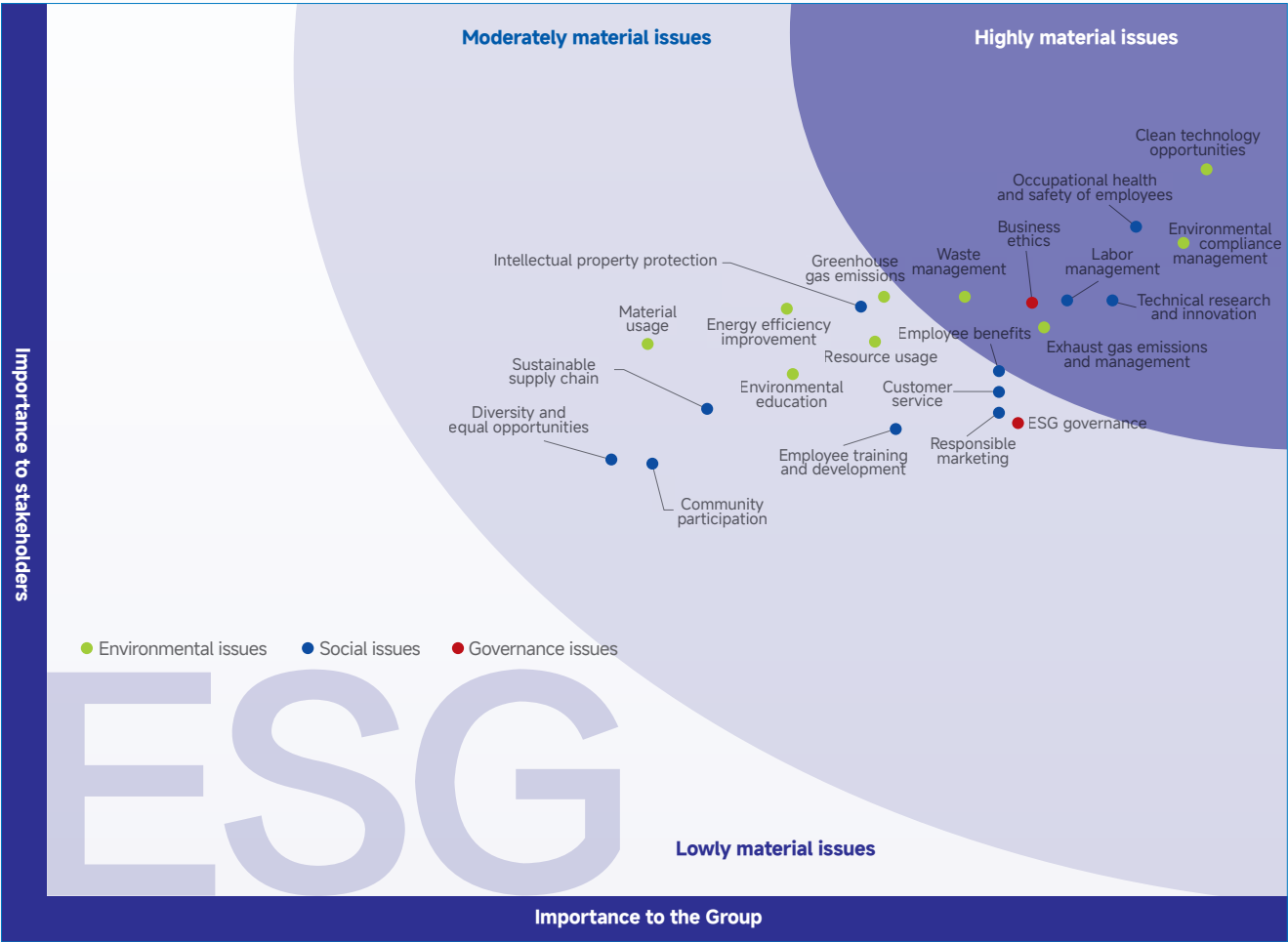
Conch Environment Protection fully understands the critical impact of stakeholder communication on achieving sustainable development. We comply with the *Policy on Shareholder Communication of China Conch Environment Holdings Limited*, actively expanding diversified communication channels with stakeholders. We maintain smooth communication mechanisms with government/regulatory agencies, shareholders/investors, clients, employees, social organizations, media, and other stakeholders. By proactively understanding and responding to the expectations and demands of various stakeholders, we collaborate with all parties to jointly promote the green and high-quality development of the industry.

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

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6.2.4 Analysis of Material Issues and Matrices

In 2024, based on the compliance requirements of the Stock Exchange, industry best practices, and the expectations and requests of various stakeholders, we reviewed, discussed, and analyzed our previously assessed materiality issue list, and the results showed no significant changes. Based on the assessment results of materiality issues, we created a 2024 materiality matrix and responded in this report to the key concerns of various stakeholders.



Highly material issues		Areas	Moderately material issues		Areas	Moderately material issues		Areas
Clean technology opportunities	Environmental		ESG governance	Governance		Community participation	Social	
Environmental compliance management	Environmental		Intellectual property protection	Social		Greenhouse gas emissions	Environmental	
Exhaust gas emissions and management	Environmental		Employee benefits	Social		Energy efficiency improvement	Environmental	
Waste management	Environmental		Customer service	Social		Resource usage	Environmental	
Occupational health and safety of employees	Social		Responsible marketing	Social		Environmental education	Environmental	
Labor management	Social		Employee training and development	Social		Material usage	Environmental	
Technical research and innovation	Social		Sustainable supply chain	Social				
Business ethics	Governance		Diversity and equal opportunities	Social				

APPENDIX I: HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

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

APPENDIX I: HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Areas and General Disclosures and KPIs			Sections
Social			
B3: Development and Training	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Robust Operations, Drive Value Growth -Security Capacity Building
	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Collaborate with Conviction, Facilitate Employee Growth -Training and Development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	For details, see Appendix II
	KPI B3.2	The average training hours completed per employee by gender and employee category.	For details, see Appendix II
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Collaborate with Conviction, Facilitate Employee Growth -Rights and Interests of Employees
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Collaborate with Conviction, Facilitate Employee Growth -Rights and Interests of Employees
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Collaborate with Conviction, Facilitate Employee Growth -Rights and Interests of Employees
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Robust Operations, Drive Value Growth -Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	Robust Operations, Drive Value Growth -Supply Chain Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Robust Operations, Drive Value Growth -Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Robust Operations, Drive Value Growth -Supply Chain Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Robust Operations, Drive Value Growth -Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Robust Operations, Drive Value Growth -Responsible Service
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable, the Group does not involve consumer products
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Robust Operations, Drive Value Growth -Responsible Service
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Safeguard the Environment, Drive Green Development -Green Technology Innovation
	KPI B6.4	Description of quality assurance process and recall procedures.	Robust Operations, Drive Value Growth -Quality Management
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Robust Operations, Drive Value Growth -Responsible Service
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Refine Governance, Steadily Advance for Excellence -Corporate Governance
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Refine Governance, Steadily Advance for Excellence -Corporate Governance
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Refine Governance, Steadily Advance for Excellence -Corporate Governance
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Refine Governance, Steadily Advance for Excellence -Corporate Governance
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Give Back to Society, Shoulder Responsibility
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Give Back to Society, Shoulder Responsibility
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Give Back to Society, Shoulder Responsibility

APPENDIX II: ESG DATA SUMMARY

Performance Indicator		Unit	2023	2024
Operating revenue		RMB 100 Million	18.82	16.87
Total profit		RMB 100 Million	3.52	0.10
Total industrial hazardous waste treated		10,000 Tonnes	94.05	116.57
General hazardous waste treated		10,000 Tonnes	94.05	99.10
Oil sludge treated		10,000 Tonnes	6.37	10.80
Fly ash treated		10,000 Tonnes	7.24	6.67
Total industrial solid waste treated		10,000 Tonnes	207.15	181.51
ISO 9001:2015 Quality Management System certified coverage of hazardous waste treatment projects		%	71.05	60
ISO 14001 Environmental Management System certified coverage		%	71.05	60
ISO 45001 Occupational Health and Safety Management System certified coverage		%	71.05	60
Hydrogen chloride (HCl) emissions		Tonne	332.65	426.20
Hydrogen fluoride (HF) emissions		Tonne	31.31	50.30
Nitrogen oxide (NOX) emissions		Tonne	67.19	16.07
Sulfur oxide (SOX) emissions		Tonne	0.06	0.02
Particulate matter (PM) emissions		Tonne	5.04	1.59
Scope 1 greenhouse gas emissions		Tonne CO2e	28,101.42	29,688.88
Scope 2 greenhouse gas emissions		Tonne CO2e	65,578.56	59,412.29
Total greenhouse gas emissions (Scope 1+Scope 2)		Tonne CO2e	93,679.98	89,101.16
Greenhouse gas emissions per revenue		Tonne CO2e /thousand RMB	0.05	0.05
Direct energy consumption		MWh	102,045.45	99,497.33
Indirect energy consumption		MWh	116,882.91	111,622.78
Total energy consumption (Direct + Indirect)		MWh	218,928.36	211,120.12
Energy consumption per revenue		MWh/thousand RMB	0.12	0.13
General solid waste generated (recyclable)		Tonne	16,997.35	31,450.57
General solid waste generated (non-recyclable)		Tonne	/	/
Total general solid waste generated ⁷		Tonne	16,997.35	31,450.57
General solid waste generated per revenue		Tonne/thousand RMB	0.01	0.02
Total hazardous waste generated		Tonne	/	75,903.09
Hazardous waste generated per revenue		Tonne/thousand RMB	/	0.04
Water consumption		Tonne	263,031.71	486,136.32
Water consumption per revenue		Tonne/thousand RMB	0.14	0.29
Wastewater discharge ⁸		Tonne	0	0
Total employees		Person	3,539	3,288
By gender	Male	Person	2,974	2,759
	Female	Person	565	529
By employee category	Senior management	Person	130	126
	Middle management	Person	370	377
	General management	Person	816	829
	General staff	Person	2,223	1,956
By age	<30	Person	1,260	1,041
	30-50	Person	2,111	2,164
	>50	Person	168	83
By geographical region	Eastern China	Person	1,075	1,040
	Southern China	Person	444	405
	Northern China	Person	584	422
	Central China	Person	380	430
	Southwestern China	Person	325	330
	Northwestern China	Person	572	543
	Northeastern China	Person	159	118
Minority employees	Numbers	Person	/	222
	Proportion	%	/	6.8
Employee turnover rate		%	12.1	13.0
By gender	Male	%	13.2	12.5
	Female	%	6.2	13.7
By age	<30	%	12.3	18.4
	30-50	%	12.3	11.2
	>50	%	8.9	6.0

7 In 2024, we have added two new waste categories, namely bottom ash and fly ash generated from medical waste incineration projects. The bottom ash from medical waste incineration is classified as general solid waste, while the fly ash is categorized as hazardous waste and, in compliance with environmental impact assessment requirements, is entrusted to qualified third-party entities for proper disposal. The primary source of hazardous waste consists of contaminated packaging containers generated during the hazardous waste treatment process.

8 Domestic waste water discharge.

APPENDIX II: ESG DATA SUMMARY

Performance Indicator		Unit	2023	2024
By geographical region	Eastern China	%	15.2	9.5
	Southern China	%	13.3	10.6
	Northern China	%	9.5	12.1
	Central China	%	11.9	9.1
	Southwestern China	%	7.5	4.0
	Northwestern China	%	12.1	9.9
	Northeastern China	%	8.7	31.1
Work-related fatalities and ratio	2022	Person	0	0
		‰	0	0
	2023	Person	0	0
		‰	0	0
	2024	Person	/	2
		‰	/	0.57
Number of security accidents		Case	/	9
Number of major and above accidents		Case	/	0
Number of work-related injuries		Person	/	9
Work-related injury rate		%	/	0.26
Number of lost days due to work injury		Day	0	324
Safe production investment		RMB 10,000	/	2,731.57
Proportion of safe production investment to revenue		%	/	1.62
Million-working hour injury rate		Person/million working hours	/	1.29
Number of occupational disease cases		Person	/	0
Incidence of occupational disease		%	/	0
Total number of employees trained		Person	3,539	3,288
Total hours of employee training		Hour	22,896	24,660
Total duration of employee safety training		Hour	/	5,190.5
Safety training time per employee		Hour	/	60
Percentage of employees trained		%	100	100
By gender	Male	%	78.9	83.9
	Female	%	22.1	16.1
By employee category	Senior management	%	2.6	3.8
	Middle management	%	6.3	11.5
	General management	%	13.2	25.2
	General staff	%	77.9	59.5
Average training hours completed per employee		Hour	6.47	7.5
By gender	Male	Hour	6.8	7.5
	Female	Hour	6.1	7.5
By employee category	Senior management	Hour	4.5	4.5
	Middle management	Hour	5.3	7.0
	General management	Hour	6.8	7.5
	General staff	Hour	7.6	7.8
Number of suppliers		Supplier	19,141	19,931
By geographical region	Northeastern China	Supplier	484	505
	Northern China	Supplier	1,473	1,536
	Northwestern China	Supplier	2,294	2,287
	Southwestern China	Supplier	2,489	2,541
	Southern China	Supplier	3,788	4,298
	Eastern China	Supplier	8,491	8,658
	Hong Kong, Macau and Taiwan	Supplier	50	46
	Overseas	Supplier	72	60
Number of products and service related complaints received		Case	0	0
Customer satisfaction		%	95	97
Number of legal cases regarding corrupt practices		Case	0	0
Amount invested in charity		RMB	17,325	0
Anti-corruption training provided to board members, management and staff		Coverage rate	100%	100%

APPENDIX III: CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

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

Contribution to SDGs		Section
3		Collaborate with Conviction, Facilitate Employee Growth Give Back to Society, Shoulder Responsibility
4		Collaborate with Conviction, Facilitate Employee Growth Give Back to Society, Shoulder Responsibility
5		Collaborate with Conviction, Facilitate Employee Growth
6		Safeguard the Environment, Drive Green Development
8		Collaborate with Conviction, Facilitate Employee Growth Give Back to Society, Shoulder Responsibility
9		Robust Operations, Drive Value Growth
10		Collaborate with Conviction, Facilitate Employee Growth Give Back to Society, Shoulder Responsibility
11		Give Back to Society, Shoulder Responsibility
12		Robust Operations, Drive Value Growth
13		Safeguard the Environment, Drive Green Development
16		Refine Governance, Steadily Advance for Excellence
17		Robust Operations, Drive Value Growth

