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HARBIN ELECTRIC COMPANY LIMITED

2025 Environmental, Social and Governance (ESG) Report

哈尔滨电气股份有限公司
HARBIN ELECTRIC COMPANY LIMITED

Stock code: 1133




# 2025 Environmental, Social and Governance (ESG) Report



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# About This Report




## Scope of Organization

This report covers the performance of Harbin Electric Company Limited and its subsidiaries in environmental, social and governance aspects, and the scope is consistent with that of the Company's annual report.

## Reporting Period

This report is an annual report covering the period from January 1, 2025 to December 31, 2025. To enhance the comparability and completeness of this report, certain contents may be traced back to previous years or contain forward-looking statements.

## Definitions of Terms

| Abbreviation | | Full Name |
|---|---|---|
| The Company/we | Refers to | Harbin Electric Company Limited |
| Harbin Electric | Refers to | Harbin Electric Corporation |
| Boiler Company | Refers to | Harbin Boiler Company Limited |
| Turbine Company | Refers to | Harbin Turbine Company Limited |
| Electric Machinery Company | Refers to | Harbin Electric Machinery Company Limited |
| Harbin Electric International | Refers to | Harbin Electric International Company Limited |
| Heavy Equipment Company | Refers to | Harbin Electric Corporation (QHD) Heavy Equipment Company Limited |
| Valve Company | Refers to | Harbin Electric Harbin Power Plant Valve Company Limited |
| Power Technology & Trade Company | Refers to | Harbin Electric Power Technology and Trade Co., Ltd |
| Finance Company | Refers to | Harbin Electric Group Finance Co., Ltd |
| Leasing Company | Refers to | Harbin Electric Finance Leasing (Tianjin) Company Limited |
| Materials Company | Refers to | Harbin Electric Materials Company Limited |
| Science and Technology Company | Refers to | Harbin Electric Science and Technology Company Limited |
| SASAC | Refers to | State-owned Assets Supervision and Administration Commission of the State Council |
| Hong Kong Stock Exchange | Refers to | The Stock Exchange of Hong Kong Limited |

## Contents

The content disclosed in this report relates to the Company's policies, practices and performance in fulfilling its environmental, social and corporate governance responsibilities in 2025, and the underlying materials are all derived from the relevant documents and reports of the Company. The historical data cited in this report are final statistical data. In the event of any discrepancy between the financial data herein and those in the annual report, the annual report shall prevail. Financial data are presented in RMB unless otherwise specified.

## References

This report has been prepared in accordance with the requirements of *Appendix C2 Environmental, Social and Governance Reporting Code* (hereinafter referred to as the "ESG Code") to the *Rules Governing the Listing of Securities* of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange"), and with reference to the *Reference Metrics System for ESG Special Reports of State-Controlled Listed Companies of Central State-owned Enterprises* issued by the SASAC. The climate change section has been prepared with reference to "Part D: Climate-related Disclosures" of the ESG Code of the Hong Kong Stock Exchange. This report has also been prepared in light of the actual circumstances of the Company and in accordance with the principles of materiality, quantitative, balance and consistency.

## Approval

This report was approved by the Board of Directors of the Company and published in April 2026.

## Language Versions and Access

This report is available in both Chinese and English, and both versions are provided in electronic form.In the event of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.For more information, please visit the Company's official website at (https://www.hpec.com/).



# Board Statement on ESG Governance

The Board of Directors of the Company coordinates, leads and supervises the environmental, social and governance (ESG) work. Each year, the Board oversees the overall progress and performance of the Company in achieving its ESG-related objectives, reviews the effectiveness of the Company's ESG policies, practices and targets, and ensures that sufficient resources are made available to support the Company's ESG governance work. Under the leadership of the Board, the management organizes and implements the relevant work, establishes the necessary working bodies, and arranges for various professionals to continuously provide the necessary human and financial resources for ESG governance.

The Company adheres to the social responsibility philosophy of "loyalty, dedication and responsibility," and promotes the integration of the new development philosophy of "innovation, coordination, green, openness and sharing" into its development and operation. Based on a deep understanding of the ESG-related risks and opportunities that may arise in the Company's business, the Board of Directors of the Company formulates and continuously improves its ESG governance strategy. Through resource coordination, capacity building and process monitoring, the Company implements its ESG governance strategy to ensure the sustainable development of its business while creating greater value for shareholders, customers, employees and the public.

The Company's ESG governance process covers a series of steps including issue identification, target setting and experience summarization. The Company communicates effectively with stakeholders such as suppliers, customers, investors and employees, and identifies and assesses the materiality of various ESG-related matters by combining quantitative and qualitative methods. In compliance with the relevant laws and regulations of the state, the industry and regulatory authorities, and in light of the material ESG issues identified, the Company formulates ESG governance targets and plans and promotes their implementation. The Company also summarizes and refines its exemplary ESG management cases and typical practices, and encourages the management and employees to actively participate in ESG-related training and discussions so as to enhance their ESG governance capability and awareness. Meanwhile, the Company has established a comprehensive value creation assessment system to promote the linkage between remuneration allocation and ESG performance.

The Company has set refined ESG work objectives at different levels and established a sustained and effective working mechanism. ESG governance has been widely implemented across various professional fields, management levels and job functions, thereby achieving comprehensive coverage of the production and operation system, asset management, as well as economic activities and functional management systems. This report discloses in detail the Company's practices, progress and achievements in ESG governance, and all relevant results have been reviewed and approved by the Board of Directors.

# Chairman's Statement

## Dear Shareholders,

On behalf of the Board of Directors, I hereby present the 2025 Environmental, Social and Governance (ESG) Report of Harbin Electric Company Limited (the "Company") and its subsidiaries.

In 2025, the Company adhered to the important speeches and instructions of General Secretary Xi Jinping as the guiding force for development, resolutely implemented the major decisions and arrangements of the CPC Central Committee and the State Council, and united and led its cadres and employees in working with dedication and overcoming difficulties. As a result, economic performance remained stable while improving in quality, and indicators across scale, profitability, and efficiency recorded substantial growth. During the year, the Company achieved operating revenue of RMB 45.698 billion, representing a year-on-year increase of 19.32%; net profit attributable to owners of the parent company of RMB 2.666 billion, representing a year-on-year increase of 58.15%; and formal contract signings of RMB 64.630 billion, representing a year-on-year increase of 13.64%. Principal operating indicators reached the best level in the Company's history once again. With products and services featuring reliable quality, outstanding performance, and efficient service, the Company provided strong support for China's energy security and further strengthened its capability to serve high-quality economic and social development, delivering an outstanding conclusion to the "14th Five-Year Plan" period marked by high-quality development.

During the year, the Company advanced towards innovation and scaled new heights, forging strong core capabilities through innovation-driven development. The completion rate for milestones of national-level scientific research projects and the Company's major science and technology special projects reached 100%. The world's first 500 MW Zhala Pelton turbine runner, the largest of its kind in terms of single-unit capacity, was successfully developed. The 660 MW high-efficiency ultra-supercritical circulating fluidised bed boiler technology reached an internationally leading level. The world's first megawatt-scale compressed carbon dioxide electrothermal energy storage pilot system was selected as one of the "Top Ten Super Projects of Central State-owned Enterprises in 2025." A number of landmark innovation achievements emerged in succession, leading technological transformation across the industry.

During the year, the Company advanced along a greener path and accelerated towards intelligent upgrading, strengthening its ecological foundation through green transformation. The Company vigorously developed strategic emerging industries and future industries, achieving new progress in areas such as new energy storage, solar thermal power generation, and hydrogen energy. The Company made every effort to advance green manufacturing. Three enterprises were awarded five-star certification as "Zero-carbon Factories." Comprehensive energy consumption per RMB 10,000 of output value and carbon dioxide emissions per RMB 10,000 of output value decreased by 14.79% and 16.63% year on year, respectively. All manufacturing enterprises under the Company were recognised as national-level green factories, and green development has become a distinctive hallmark of the Company's high-quality development.

During the year, the Company remained steadfast in its original aspiration and deeply committed to the nation, implemented the rural revitalisation strategy, invested RMB 12.50 million in assistance funds, and made assistance-related procurement of RMB 13.55 million. It also actively integrated into the joint development of the "Belt and Road Initiative." By participating in the Cambodia project, the Company supported the successful "going global" of China's pumped storage equipment and took steady steps in high-standard opening-up.

Reviewing the "14th Five-Year Plan" period, the Company remained committed to its strategy, actively responded to difficulties and challenges, and achieved accelerated momentum in high-quality development. The quality and efficiency of development improved substantially, with the compound annual growth rates of operating revenue, total profit, formal contract signings, and labour productivity per employee reaching 14.2%, 35.8%, 18.5%, and 19%, respectively. Innovation momentum became even stronger, with R&D intensity maintained at around 5%. The Company achieved breakthroughs in more than 60 key core technologies, received more than 160 science and technology awards at provincial level or above, and completed the construction of a number of major national projects, including the Baihetan Hydropower Station units. Transformation and upgrading delivered notable results. The compound annual growth rate of investment in industrial development and related areas reached 16.2%; the proportion of operating revenue from strategic emerging industries increased by more than 25 percentage points compared with the end of the "13th Five-Year Plan" period; 17 digital workshops were established; and production capacity increased by more than 35%. Over the past five years, the Company has used its original aspiration as the pen and practical work as the ink, demonstrating responsibility in serving national strategies, building strength through scaling new heights in science and technology, and renewing itself through self-reform, thereby contributing fresh development achievements to the building of a strong nation.

During the "15th Five-Year Plan" period, electricity demand will continue to grow. Under the guidance of the "dual carbon" goals, the comprehensive green transition of China's economic and social development will be accelerated, and the pace of transformation in the energy and power industry will further quicken. The Company will actively serve the development of a modern industrial system and a new energy system, accurately grasp industry trends and market demand, take high-quality development as its central theme, focus on developing new quality productive forces, and regard reform and innovation as its fundamental driving force. Anchored in the development goal of building a world-class equipment manufacturing enterprise, the Company will firmly pursue the direction of high-end, intelligent, green, and integrated development, adhere to its "three-provider" development positioning, optimise the industrial layout of its "three systems," continuously improve its capital allocation and industrial structure, strengthen and refine its leading industries, vigorously develop strategic emerging industries and cultivate future industries, and continuously promote equipment manufacturing towards higher-end development, intelligent upgrading, green transformation, and integrated expansion. In doing so, we will comprehensively strengthen our core functions, enhance our core competitiveness, and contribute greater strength to Chinese modernisation.

In 2026, we will continue to take Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as our guiding principle, thoroughly study and implement the important instructions made by General Secretary Xi Jinping on the work of central state-owned enterprises, uphold the principle of seeking progress while maintaining stability, and strengthen internal capabilities. The Company will better coordinate development and security, further reinforce the "six greater focuses," namely placing greater emphasis on improving quality and efficiency, innovation-driven development, transformation and upgrading, management enhancement, fulfilling responsibilities and honouring commitments, and Party building leadership. The Company will earnestly carry out the "six safeguards," namely ensuring targets for R&D projects, delivery for projects under production, performance for newly invested projects, stability for projects in operation, contract performance for international projects, and safety in production and operation. With a focus on management empowerment, digital and intelligent empowerment, and cultural empowerment, the Company will continue to deepen scientific and technological innovation, green transformation, and reform breakthroughs, earnestly fulfil its social responsibilities, and bring together the joint force for development through Party building leadership, striving to achieve a high-standard start to the "15th Five-Year Plan" period and deliver more outstanding results to reward shareholders.

We sincerely thank all stakeholders for their trust and support. We also extend our appreciation to the Board of Directors, the Supervisory Committee and all employees for their contributions and dedication.

Chairman,
Huang Wei
April 2026

# About the Company

## Company Profile

Harbin Electric Company Limited was established in October 1994. It is a key backbone enterprise of Harbin Electric, a centrally administered enterprise, and one of the largest manufacturing, complete plant supply and export bases for power generation equipment in China.

The Company has long been committed to the revitalisation and development of China's equipment manufacturing industry, actively promoting new strides in the manufacturing level of China's power generation equipment and its independent innovation capability, with a number of technologies having reached the internationally advanced level. Upholding the concept of sustainable development, the Company has continuously intensified the development of highly efficient clean energy and new energy power generation equipment, thereby achieving coordinated development between the enterprise and environmental protection.

The Company has brought together first-class domestic talents in scientific research, technology and management, possesses advanced production and scientific research testing equipment, and has established a sound quality assurance and quality control system. Its research and development capability, production and manufacturing capability, and power station construction capability rank among the forefront of China's power generation equipment manufacturers.

Based in the domestic market, the Company has actively implemented the "going global" strategy and advanced the Belt and Road Initiative. Its principal equipment and supporting auxiliary equipment products for thermal power, hydropower and nuclear power have been exported to more than 50 countries and regions across Asia, Africa, Europe and the Americas. At the same time, the Company has carried out, both in China and overseas, EPC and complete equipment supply business for thermal power plants, wind farms, hydropower stations, combined-cycle power stations and power transmission and transformation projects, as well as BOT and BOO business.

In 2025, the Company recorded operating revenue of RMB45,697.92 million, representing a year-on-year increase of 19.32%, and had a total of 11,487 employees.

## Corporate Culture

**Corporate Vision**

To build a powerhouse flagship in the global equipment manufacturing industry

**Corporate Mission**

To carry the hopes of national industry and showcase the strengths of China's power

**Corporate Purpose**

To provide power for the world and bring light to humanity

**Core Philosophy**

To go far by valuing people and to prevail through strength

**Core Values**

To act with one heart and create brilliance through collective strength

**Corporate Spirit**

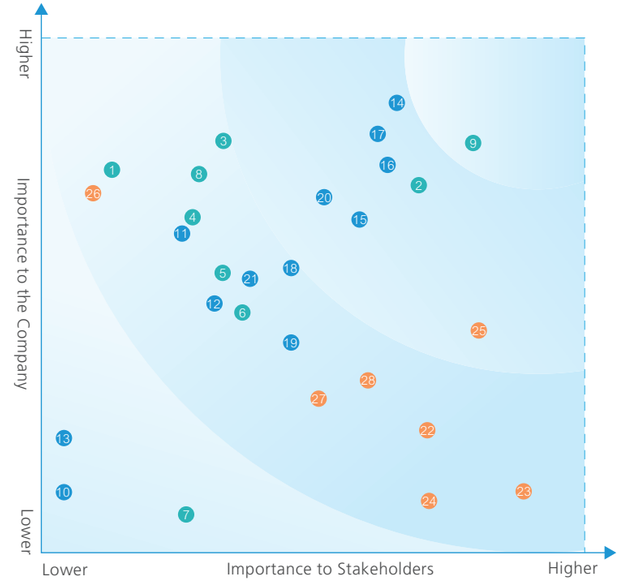
To devote to the Party and serve the country, pursue reform and innovation, strive for excellence, scale new heights, and dedicate selflessly



# Material Issues Management

The Company attaches great importance to the identification and analysis of material ESG issues, has established and standardized the issue identification process, and continuously collects and responds to the opinions and expectations of stakeholders. Taking into account macro policy directions, domestic and international ESG rating metrics requirements, and industry trends, the Company ultimately identified 28 key material issues. Through surveys conducted among internal employees and external stakeholders including government authorities, shareholders and the public, the Company carried out materiality prioritisation and developed a Material Issues Matrix, which serves as an important basis for ESG management and resource allocation.

| | |
|---|---|
| Issue Identification | With reference to macro policies, the disclosure requirements of the SASAC and the Hong Kong Stock Exchange, the GRI Standards, domestic and international rating Metrics, and peer practices, and in light of the Company's business characteristics, ESG issues were consolidated through stakeholder interviews and other means, and were dynamically updated on the basis of the existing material issues. |
| Materiality Assessment | In accordance with the principle of materiality, the survey results were statistically analyzed, assessed and prioritised from two dimensions, namely "importance to the Company" and "importance to stakeholders," so as to determine the priority of issues. The results were ultimately reviewed and assessed by the management and external professionals to ensure the applicability of the analysis to the Company's operating conditions. |
| Response and Disclosure | Action plans were developed around priority issues and implemented step by step, with key information disclosed in the report, and responses provided in respect of management approaches and implementation practices. |




| | | | | |
|---|---|---|---|---|
| Environment | 1. Environmental Management System<br>2. Waste Management<br>3. Pollutant Management | 4. Resource Use and Management<br>5. Energy Consumption and Transition<br>6. Climate Change Response | 7. Carbon Emissions<br>8. Ecological and Environmental Protection<br>9. Green Operations | |
| Social | 10. Employment<br>11. Employee Occupational Health and Safety<br>12. Employee Career Development and Training | 13. Protection of Employee Rights and Interests<br>14. Product Quality and Safety<br>15. Product R&D and Innovation | 16. Intellectual Property Protection<br>17. Customer Service<br>18. Supply Chain Management | 19. Responsible Procurement<br>20. Promoting Industry Development<br>21. Supporting Community Development |
| Governance | 22. Corporate Governance<br>23. Protection of Shareholders' Rights and Interests<br>24. Protection of Investors' Rights and Interests | 25. Compliance and Risk Control Management<br>26. Anti-bribery and Anti-corruption<br>27. Economic Performance | 28. ESG Management | |



# Stakeholder Communication

The Company continues to pay close attention to the expectations and concerns of stakeholders from all sectors of society, including government authorities, shareholders/investors, employees, customers, the public, suppliers, communities and non-governmental organizations.

Guided by the ESG philosophy, the Company has established diversified communication channels with various stakeholders through multiple forms of engagement, so as to ensure timely and accurate communication and to effectively respond to their concerns and needs.

| Stakeholders | Communication Channels | Material Issues |
|---|---|---|
| Government | Authorities Senior-level Meetings<br>Communication and Exchange Meetings<br>Information Submission<br>Meeting Participation<br>Company Announcements<br>Information Disclosure | Environmental Management System<br>Pollutant Management<br>Resource Use and Management<br>Climate Change Response<br>Carbon Emissions<br>Ecological and Environmental Protection |
| Shareholders/Investors | Information Disclosure<br>General Meetings<br>Official Website and Official WeChat Account<br>Site Visits<br>Research Meetings | Operating Performance<br>Protection of Shareholders' Rights and Interests<br>Protection of Investors' Rights and Interests<br>ESG Management<br>Compliance and Risk Control Management<br>Anti-bribery and Anti-corruption |
| Employees | Open Affairs Disclosure<br>Information Disclosure<br>Discussion Meetings<br>Employees' Congress<br>Training Activities | Employee Occupational Health and Safety<br>Employee Career Development and Training<br>Protection of Employee Rights and Interests<br>Employment |
| Customers | Power Station Service Platform<br>Hotline<br>Business Visits<br>Business Communication Meetings | Product Quality and Safety<br>Customer Service<br>Intellectual Property Protection<br>Product R&D and Innovation |
| The Public | Information Disclosure<br>Petitions and Visits<br>Submission of Energy Conservation and Emissions Reduction Information | Energy Consumption and Transition<br>Waste Management<br>Supporting Community Development |
| Suppliers | Suppliers Conference<br>Disclosure of Tendering and Bidding Information<br>Strategic Cooperation and Agreements | Supply Chain Management<br>Responsible Procurement<br>Promoting Industry Development |
| Community-level Non-governmental Organisations | Community Outreach<br>Discussion Meetings<br>Public Welfare Activities | Green Operations<br>Corporate Governance |

Key Issues

- Corporate Governance
- Protection of Shareholders' Rights and Interests
- Protection of Investors' Rights and Interests
- Compliance and Risk Control Management
- Anti-bribery and Anti-corruption

Alignment with the United Nations Sustainable Development Goals




01

# Building Foundations for Responsibility


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The Company adheres to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as its guiding principle, earnestly studies and implements the important instructions made by General Secretary Xi Jinping on the work of central state-owned enterprises, and fully implements the spirit of the 20th National Congress of the Communist Party of China and the successive plenary sessions of the 20th Central Committee. The Company has firmly grasped the new missions and tasks entrusted by the CPC Central Committee to state-owned assets and central state-owned enterprises, undertaken its mission and responsibilities in consciously serving the overall work of the Party and the country, and strengthened its political commitment through a deep understanding of the strategic considerations of the CPC Central Committee.

The Company regards modern corporate governance as an important support for high-quality development. Based on the overall situation and with a long-term perspective, it has continuously strengthened its governance foundation and actively undertaken the mission of the times. The Company enhances decision-making efficiency and operational quality through standardized governance, consolidates the foundation for prudent operations through compliance and internal control, safeguards the boundaries of development security through risk prevention and control, and fosters a clean and upright business environment through business ethics. In doing so, it advances the modernisation of its governance system and governance capabilities and provides strong support for the achievement of long-term value creation and sustainable development.

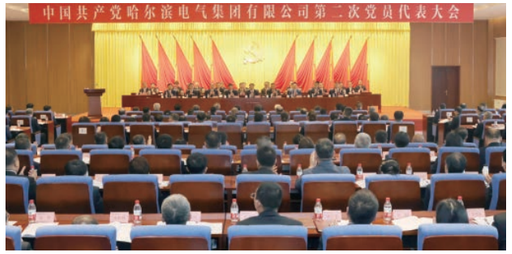
# Party Building Leadership Forging the Soul

The Company adheres to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as its guiding principle, vigorously carries forward the Harbin Electric spirit of "devoting to the Party and serving the country, pursuing reform and innovation, striving for excellence, scaling new heights, and dedicating selflessly," and comprehensively strengthens the Party's political, ideological, organizational, conduct, and disciplinary development, so as to lead the Company's high-quality development through high-standard Party building.

## Guided by the Banner, Upholding Political Loyalty

The Company upholds and strengthens the Party's overall leadership, consciously and firmly upholds the "Two Establishes," resolutely achieves the "Two Safeguards," and strictly implements the "First Agenda Item" mechanism.The Company has thoroughly studied and implemented the spirit of the Fourth Plenary Session of the 20th Central Committee of the Communist Party of China, and promoted the Party's innovative theories to take root across organisations at all levels and among Party members and cadres. Through the "one plan, one checklist" approach, the Company coordinated and advanced study and education on the thorough implementation of the spirit of the Central Eight-point Rules, established a normalised and long-term mechanism for conduct development, and continuously enhanced Party members' and cadres' political judgment, political understanding, and political execution. At the same time, it actively supported the "look-back" review of the rectification of issues identified in central inspections, and steadily advanced both central inspection rectification and the enhancement of internal governance.

Harbin Electric Company Limited in Action • 2025




On 30 April, the Second Congress of Party Representatives concluded successfully.




On 26 December, the second plenary meeting of the Second Committee was convened.

## Selecting and Appointing the Capable to Inspire the Drive to Act

The Company adheres to the principle of the Party's management of cadres and, centring on its development strategy, systematically advances work across all stages of selection, cultivation, management, and appointment, with a focus on building a backbone team that supports high-quality development.




A training programme for outstanding young leaders and the fifth training programme under the Young Marxists Development Project were organised.



Training lectures under the "Harbin Electric Lecture Hall" programme were organised.

### Systematic Orientation, Optimising Cadre Selection, Appointment, and Talent Pipeline Structure

- The Company coordinated and optimised the age and experience structure of its cadre team, forming a tiered mix of senior, mid-career, and younger personnel. Efforts to promote exchanges across enterprises and systems were further intensified, with 29 personnel assignments completed through exchange arrangements during the year, while a two-way exchange mechanism between external directors and incumbent cadres was explored. The reserve talent pool under the "Young Seedling Project" was further strengthened, and a pipeline talent pool covering the full cycle of "initial cultivation, grassroots tempering, intensive training, and final selection" was established, with nearly 800 personnel included in the pool.

### Targeted Development, Enhancing Cadre Capability and Overall Competence

- The Company adhered to the integration of systematic training with practical experience, and selected 38 participant attendances during the year for training programmes organised by higher-level authorities. Relying on the Party School as its principal training platform, the Company organised 41 sessions of the "Harbin Electric Lecture Hall" and "Harbin Electric Open Class," and introduced the innovative action-learning model of "bringing two inputs and focusing on one topic." A total of 36 personnel were organised for internal and external secondment and exchange assignments, newly promoted young cadres were assigned to key positions for further development, and backbone personnel were seconded to participate in special tasks such as inspections.

### Incentives and Accountability, Stimulating Responsibility and Initiative Among Cadres

- The Company issued written reminders to the leadership teams of 4 units rated as average in the annual assessment and required them to convene special democratic life meetings. Personnel with outstanding assessment results were granted position grade promotion or performance-based commendation, while those ranked lower were subject to position grade reduction or performance deduction, thereby establishing a clear orientation of rewarding excellence and penalising underperformance. The Company also introduced fault-tolerance and error-correction procedures, while simultaneously implementing supportive measures such as protection of benefits for off-location exchange assignments and regular heart-to-heart discussions, so as to encourage leaders to take responsibility and act proactively.

## Exercising Full and Rigorous Party Self-governance, Fostering Integrity and Upright Conduct

The Company has thoroughly studied and implemented General Secretary Xi Jinping's important thinking on the Party's self-reform, further improved the system for full and rigorous Party self-governance, persistently rectified the "Four Forms of Official Misconduct" and promoted new practices, and punished corruption with a zero-tolerance attitude. It has resolutely advanced the tough, protracted, and overall battle against corruption, so as to foster a clean and upright political environment for accelerating the building of a world-class equipment manufacturing enterprise.

### Emphasising Early Intervention and Routine Oversight

- **Strengthening routine management and supervision:** the reporting of personal matters by leading cadres was carried out in a solid manner, and random checks and verification were intensified in light of actual circumstances, achieving a consistency rate of 99%. Supervision over young cadres was further strengthened, and reminders on compliance with rules and discipline were provided on a full-coverage basis to newly promoted leaders under the Party Committee's management.
- **Deepening political inspections:** equal emphasis was placed on accurately identifying problems and effectively resolving them. Routine inspections of the Party organisations of 4 subordinate enterprises were completed, driving the transformation of more supervisory outcomes into governance effectiveness and injecting strong momentum into the Company's high-quality development.
- **Organising the "3+1" Party Discipline Education Training Programme:** special training was provided for 100 newly promoted cadres, 100 young cadres, 100 cadres in key positions, and 100 professional and technical personnel, guiding Party members and cadres to internalise discipline in their minds and externalise it in their actions.
- **Deepening the campaign to address rough management practices and eliminate entrenched shortcomings:** the results of study and education were consolidated, and special investigation and inspection on "addressing rough management practices" were carried out, identifying 224 issues. In accordance with the principle of "one enterprise, one policy," reports totaling 140,000 Chinese characters were prepared. The Party Committee and the dispatched discipline inspection and supervision team conducted special consultations, and 356 typical cases were circulated to the grassroots level for rectification.

## Strengthening Organisational Foundations and Stimulating Organisational Vitality

The Company has continuously consolidated the foundation of grassroots Party building, further strengthened the political and organisational functions of Party organisations, and given full play to the role of grassroots Party organisations as strongholds and to the vanguard and exemplary role of Party members, so that the Party flag flies high on the front lines of industrial development, production safety, and service to the people.

### Deepening Platform-based Initiatives and Advancing the Integration of Party Building with Central Tasks

- The Company established more than 1,000 Party member "posts, zones, and teams," and launched more than 500 Party building joint-construction and co-construction initiatives and research projects. Solid results were achieved in five special initiatives, namely premium manufacturing, digital and intelligent empowerment, quality enhancement, excellence in management, and production safety. Focusing on major national hydropower projects, the Company organised its subordinate enterprises to jointly participate in the research and optimisation of Party building joint-construction plans.

### Giving Full Play to the Role of Mass Organisations and Pooling Strong Momentum for Action and Entrepreneurship

- The Company has upheld and strengthened the Party's overall leadership over mass organisation work, continuously enhanced the leadership, organisational, and service capabilities of such organisations, and worked with dedication, care, and practical effort to do good and practical things for employees, thereby better uniting hearts and minds and pooling collective strength.

### Bringing Together United Front Wisdom and Continuously Strengthening Patriotic Forces

- The Company has given full play to the united front as an important instrument, strengthened the development of non-Party cadres and talent, and built bridges for "shared thinking, shared wisdom, and shared strength," thereby consolidating and improving the broader united front work framework and developing the broadest possible patriotic united front.

### Strengthening the Party Member Team and Stimulating Endogenous Momentum in Grassroots Organisations

- During the year, the Company admitted 96 new Party members, selected and assigned 47 grassroots Party affairs cadres and 40 core Party members to participate in demonstration training, and issued an implementation plan for grassroots Party organisations to put the basic training mechanism into practice, thereby promoting the transformation of learning into application and empowering reform and development.



On 5 September, nearly 40 representatives from the united front were organised to visit the Northeast Martyrs Memorial Hall and tour the exhibition entitled "Heilongjiang's 14 Years of Resistance Against Japanese Aggression — Commemorating the 80th Anniversary of the Victory of the Chinese People's War of Resistance Against Japanese Aggression and the World Anti-fascist War."



From 13 to 15 November, the 2025 training programme for grassroots Youth League cadres was held.



# Standardised Governance

## Corporate Governance

The Company strictly complies with the *Company Law of the People's Republic of China* and other relevant laws and regulations, has established a corporate governance system centred on the *Articles of Association*, and has formed a governance structure of the "three meetings and one management level," comprising the general meeting, the Board of Directors, the Supervisory Committee and the management. Four specialised committees have been established under the Board of Directors, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy and Development Committee, thereby forming a governance mechanism with clearly defined powers and responsibilities, coordinated operation and effective checks and balances.

**General Meeting**

The general meeting is the authority body of the Company and exercises its powers in accordance with the law, including deciding on the Company's business policies and investment plans, and electing and replacing directors.

**Board of Directors**

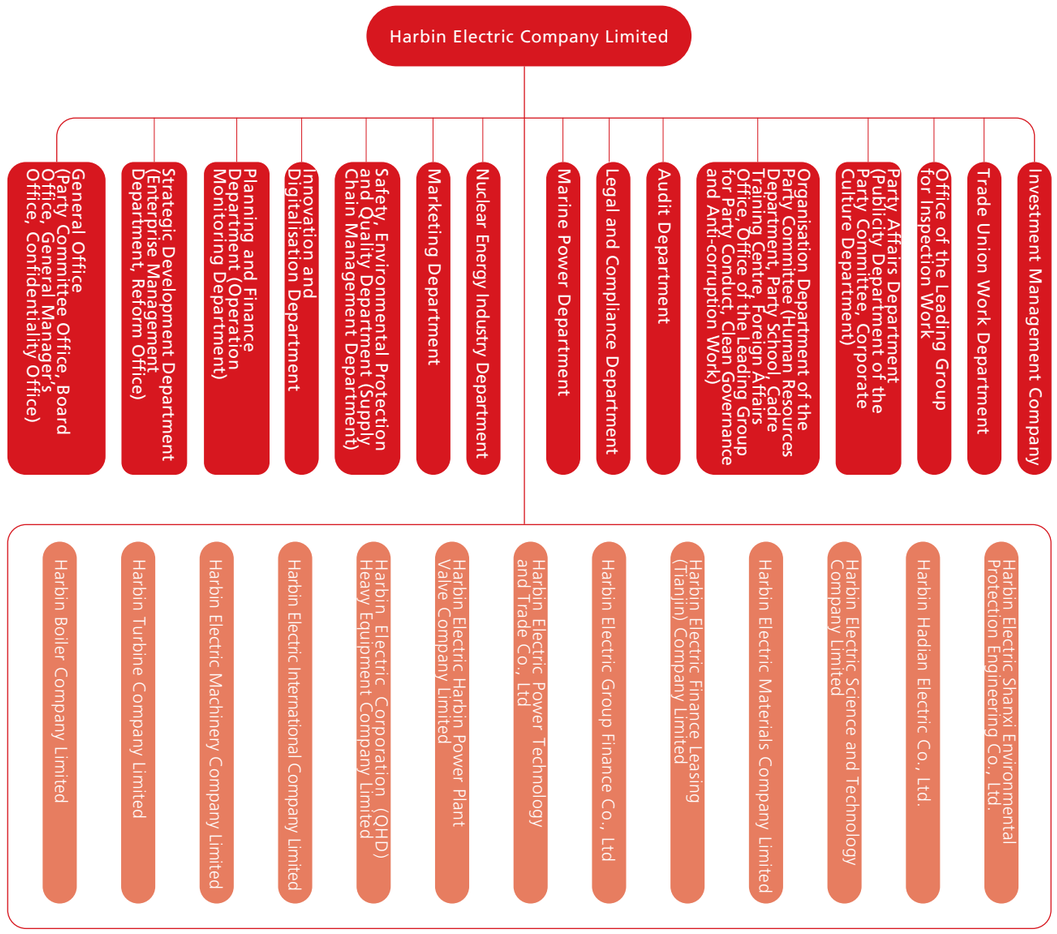
The Board of Directors is accountable to and reports its work to the general meeting. The Board has established four specialised committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy and Development Committee, which provide the Board with advisory opinions and recommendations on decision-making in relation to relevant matters.

**Supervisory Committee**

The Supervisory Committee is accountable to and reports its work to the general meeting. As the supervisory body of the Company, it supervises the Board of Directors and the management, prevents abuse of power, and safeguards the lawful rights and interests of shareholders.

**Management**

The management is responsible for the Company's daily operation and management, organizes the implementation of the resolutions of the Board of Directors, executes the Company's annual business plans and investment proposals, and oversees the Company's production, operation and management.




Organizational Structure

In 2025, the Company convened

- ✓ 1 general meeting
- ✓ 12 Board meetings
- ✓ 23 meetings of the specialised committees

The Company has continuously improved the relevant systems governing the operation of the Board of Directors, including the *Rules of Procedure for the Board of Directors*, the *Rules of Procedure for the Specialised Committees of the Board of Directors*, the *Provisions on the Management of Authorization by the Board of Directors*, and the *Provisions on the Work of the Company Secretary*, and has made dynamic revisions in accordance with regulatory requirements, thereby providing institutional support for the standardized operation and compliant decision-making of the Board of Directors. The Board of Directors exercises its powers and performs its duties in strict accordance with the relevant systems, ensuring that governance operations remain standardized and orderly.

In determining the composition of the Board of Directors, the Company takes into comprehensive consideration such factors as age, cultural and educational background, professional experience, skills and knowledge structure, with a focus on enhancing the diversity of Board members. Throughout the director election process, the Company consistently adheres to the principles of fairness, impartiality, independence and openness, ensuring that the selection procedures are standardized and transparent. As of the end of the reporting period, the Company had 7 directors, including 1 female director, representing 14.29%, and 4 independent non-executive directors, representing 57.14%.



# Investor Relations Management

The Company strictly complies with the *Securities Law of the People's Republic of China*, the *Guidelines of the China Securities Regulatory Commission for Investor Relations Management of Listed Companies*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, and other applicable laws, regulations and normative documents. It has formulated the internal *Provisions on Investor Relations Management* to strengthen investor relations management, foster a sound relationship with investors, promote the realisation of the Company's market value, and provide a fundamental institutional safeguard.

## Information Disclosure

Open and transparent information disclosure is an important measure for listed companies to respect and protect investors' right to know. The Company has continuously strengthened its information disclosure practices, improved the quality of disclosure, and enhanced investor trust and confidence. The Company fulfils its information disclosure obligations in accordance with laws and regulations, strictly follows the relevant regulatory requirements, rigorously implements the applicable accounting standards for business enterprises, and releases performance reports in a timely manner. In 2025, the Company issued a total of 49 announcements.

## Investor Communication

The Company has continuously strengthened communication and exchanges with investors, established a multi-channel and multi-tiered interaction mechanism, and organized various investor engagement activities. In 2025, a total of 41 investor engagement activities were organized, with cumulative participation by more than 700 investors.

In 2025
the Company issued a total of **49** announcements
a total of **41** investor engagement activities were organized,
with cumulative participation by more than **700** investors

**Convening General Meetings**

Shareholders are invited to attend general meetings through on-site, video, communication and other formats, thereby increasing opportunities for face-to-face communication between shareholders and the Company's management. All shareholders are treated equally, and their right to know and decide on major matters of the Company is safeguarded.

**Use of Media for Communication**

The Company makes full use of media channels such as its official website to carry out communication efforts, enabling investors to keep abreast of the listed company's daily operating developments in real time. In addition, investors may contact the Company through multiple channels such as telephone, fax and email.

**Inviting On-site Visits**

The Company actively invites major circulating shareholders of the listed company, or shareholders who frequently contact the listed company and show a relatively high level of interest in it, to visit the listed company at appropriate times. Subject to compliance with information disclosure requirements, the Company communicates in detail on matters such as production and operation, and, where conditions permit, arranges site visits for shareholders.

**Holding Research Meetings**

The Company proactively invites professional industry analysts to prepare analyst reports, actively cooperates with institutions and investors in conducting research, and maintains records throughout the entire research process.

# Compliance Management and Internal Control

## Internal Control and Compliance Management

### System Development

The Company adheres to lawful and compliant operations and integrates compliance requirements throughout the entire process of corporate governance and business management. The General Counsel and the legal department routinely participate in important decision-making meetings such as Party Committee meetings, Board meetings and president's office meetings, implementing the principle that all matters subject to review must be reviewed, so as to ensure that major decisions are legally grounded, risk-controllable, prudent and feasible. The Company has formulated and implemented the *Provisions on Internal Control Management*, the *Provisions on Risk Management*, the *Measures for Compliance Management*, the *Provisions on Policy Management*, the *Provisions on Internal Audit Management* and the *Measures for the Evaluation of Internal Control*, thereby clarifying the boundaries of responsibilities and work requirements and consolidating the institutional foundation for compliance management.

**Strengthening Policy Framework Development**

The Company has continuously improved the layered and categorised policy framework under the overall guidance of the *Articles of Association*, strictly implemented the mechanism for identifying and assessing policy deficiencies, and promptly carried out the establishment, revision and abolition of policies.

In 2025, the Company headquarters and its subsidiaries established 172 new policies, revised 510 policies and abolished 335 policies throughout the year.

**Strengthening Organisational Safeguards**

The Company headquarters and all key subsidiaries have been fully staffed with General Counsel and Chief Compliance Officers. In accordance with the requirement of achieving full horizontal coverage and full vertical penetration, the Company has established a compliance management system featuring participation by all staff, monitoring throughout the entire process and coverage across all areas.

The Company has implemented three lists covering job responsibilities, process control and risk identification, established a "3+X" legal and compliance review mechanism for major decisions, and embedded lawful and compliant review into business approval processes, thereby ensuring that all business activities are carried out in accordance with laws and compliance requirements.

**Improving Complaints and Whistleblowing Mechanisms**

The Company has continuously improved its compliance complaint and whistleblowing mechanism, established a reporting platform for violations and dishonest conduct, and disclosed the reporting hotline and email address. Reports are accepted by the Legal and Compliance Department in accordance with its responsibilities and authority, which also organizes investigations and handling.

**Overseas Compliance Control**

The Company has extended compliance and risk control to the front end of its business, formulated and issued the *Guidelines for Overseas Integrity and Compliance Work*, and promoted compliant and honest operation of overseas business.

In 2025, the Company had no adverse credit record in relation to credit, was not involved in any debt financing default, and did not experience any debt default.



### Compliance Training

The Company has continuously strengthened legal and compliance training and communication. Taking important occasions such as the "April 15 National Security Education Day" and "Constitution Publicity Week" as opportunities, the Company organized dedicated legal publicity activities and conducted specialised training on the *Company Law of the People's Republic of China*, the *Anti-monopoly Law of the People's Republic of China*, the *Work Safety Law of the People's Republic of China* and the *Environmental Protection Law of the People's Republic of China*, so as to enhance employees' awareness of lawful and compliant conduct and their ability to perform duties accordingly. During the reporting period, the Company organized a total of 63 legal and compliance training sessions, covering more than 7,300 participant attendances, and continuously fostered a sound atmosphere of respecting, learning, observing and applying the law. Among them, Electric Machinery Company was recognised by the Ministry of Justice and the National Office for Legal Publicity as a "National Outstanding Unit in the Eighth Five-Year Legal Publicity Program."

the Company organized a total of **63** legal and compliance training sessions, covering more than **7,300** participant attendances

## Risk Prevention and Control

Following such principles as "improving the policy framework through three coordinated measures," "strengthening organizational safeguards through three-level linkage," "reinforcing the operating mechanism through efforts in three dimensions," and "consolidating the responsibility system through three lines of defence," the Company formulated policy documents such as the *Measures for the Management of Reporting Major Operating Risk Events*, and established and optimized a systematic, institutionalized and prevention-oriented compliance risk management model. This enabled the effective identification and proactive management of compliance risks and formed a compliance management system characterised by strong organization, standardized processes and effective operation. In 2025, the Company did not experience any major risk event.

### Risk Management

The Company has fully implemented the Party Committee-led mechanism for risk prevention and control. The Party Committee regularly reviews special reports on internal control and risk, clarifies requirements and reinforces responsibilities, thereby ensuring the effective implementation of the decisions and arrangements of the CPC Central Committee and the State Council on preventing and defusing major risks. The Board of Directors regularly studies matters related to internal control and risk, and specially reviews proposals including the assessment of and response to major operating risks for 2025, the self-evaluation of internal control and risk management, and the self-assessment of the quality of internal audit work, thereby promoting the rectification of internal control deficiencies and the enhancement of management.

With the objective of "strengthening internal control, preventing risks and promoting compliance," the Company has continuously improved its risk control management system featuring horizontal coordination and vertical integration, focused on resolving existing risks and preventing new risks, and enhanced its capability for early identification, early warning and early handling of major risks.

The Company has established a "Three Lines of Defence" mechanism, adhered to the principle that "those who manage business must also manage compliance," established a review mechanism for compliance and risk control officers, and formulated and issued the *Guidelines for the Performance of Duties by Compliance and Risk Control Officers*, thereby effectively giving full play to the front-line compliance gatekeeping role of business departments. Departments such as discipline inspection, supervision and audit have continuously strengthened their supervisory responsibilities and effectively leveraged the deterrent effect of the "third line of defence."

**"Three Lines of Defence" Mechanism**

**First Line of Defence (Business Departments)**

As the first line of defence against compliance risks, business departments assume primary responsibility for compliance management, carry out day-to-day identification and screening of compliance risks, promptly report risk matters, and implement rectification of compliance issues.

**Second Line of Defence (Legal and Compliance Department)**

Responsible for improving the compliance management system, tracking legal and regulatory developments, responding to major compliance incidents, conducting reviews in key compliance areas, and investigating and handling violations.

**Third Line of Defence (Audit and Supervision Departments)**

Responsible for independently supervising and auditing the effectiveness of the compliance management system, handling violations, and assisting in responding to compliance crisis incidents.

## Risk Control

**Risk Identification and Updating**

- ✓ The Company has established a risk inventory management system, strictly implemented unified arrangements for risk identification and updating, and sorted out and refined more than 150 tertiary risks.
- ✓ The Company has promoted subsidiaries to improve their internal control manuals and comprehensively establish tools and forms such as lists of incompatible positions, thereby implementing risk prevention and compliance requirements across all management levels, business areas and job positions.

**Early Warning and Routine Management**

- ✓ The Company has established a compliance risk inventory for key areas and supervised subsidiaries in improving their compliance risk identification and early warning mechanisms, so as to achieve early detection, early warning and early handling of risks.

**Closed-loop Mechanism for Major Risk Events**

- ✓ The Company has established and improved the responsibility system for reporting major operating risk events, covering the full-process management requirements for assessment and reporting, response and handling, follow-up monitoring, warning notification, and accountability and rectification, thereby strengthening closed-loop management.



# Business Ethics

## Strengthening the Supervision Mechanism

The Company has established a supervisory system over the exercise of power led by intra-Party supervision and coordinated across various forms of supervision. By supervising key areas such as "major decisions, important personnel appointments, major project arrangements and large-amount fund usage" and the implementation of the spirit of the Central Eight-point Rules, the Company seeks to prevent corruption risks involving leading cadres, employees and business partners.

## Deepening Integrity Education

In accordance with the requirements of the *Working Measures on Strengthening the Development of Integrity Culture in the New Era*, the Company has actively carried out anti-bribery and anti-corruption training and warning education activities, and further deepened the development of integrity culture.

In 2025

- ✓ The Company organized the "Four 100s" Party discipline education and training programmes for key personnel, including newly promoted cadres, young cadres, cadres in key positions, and professional and technical personnel.
- ✓ The Company organized two warning education meetings and, for the first time, circulated typical issues identified through internal inspections and audits.
- ✓ The Company, for the first time, issued the *Compilation of Typical Cases of Disciplinary and Illegal Violations*, promoting warning education to the grassroots, workshop sections, teams and individuals.

## Strict Discipline Enforcement and Accountability

The Company has thoroughly studied and implemented General Secretary Xi Jinping's important thought on Party building and on the Party's self-reform, and has fully implemented the arrangements of the Fourth Plenary Session of the Central Commission for Discipline Inspection and the meeting on Party conduct, clean governance and anti-corruption work held by the SASAC. The Company has strengthened Party discipline development, maintained a zero-tolerance attitude towards disciplinary and illegal acts, investigated and dealt with each case once discovered, reinforced deterrence, and promoted new results in the Company's full and rigorous Party self-governance.

## Improving the Whistleblowing Mechanism

The Company has established a whistleblowing mechanism that is secure, fair and confidential, kept channels such as letters, visits, telephone calls and online reporting open and accessible, strictly accepted, verified and handled relevant leads in accordance with rules and procedures, and strengthened the protection of whistleblowers. The Company supports the discipline inspection and supervision group stationed at Harbin Electric in investigating and handling corruption issues in accordance with rules, discipline and law, and strengthens the prevention and deterrence of illegal acts such as bribery and extortion.

Channels for Reporting Disciplinary Violations

- **Reporting Hotline**: Discipline Inspection and Supervision Group Stationed at the Group, (0451) 82135721
- **Reporting Email**: Discipline Inspection and Supervision Group Stationed at the Group, hdjw@harbin-electric.com



Key Issues

- Environmental Management System
- Waste Management
- Pollutant Management
- Resource Use and Management
- Energy Consumption and Transition
- Climate Change Response
- Carbon Emissions
- Ecological and Environmental Protection
- Green Operations

Alignment with the United Nations Sustainable Development Goals




02

# Optimizing Resources for Green Development


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- Resource Use and Circularity 37
- Protecting the Green Earth 41


The Company adheres to the concept of harmony between humanity and nature in guiding its development, proactively undertakes the responsibility for delivering on the goals of carbon peaking and carbon neutrality, and integrates the philosophy of green development throughout the entire process of strategic planning and business management. The Company actively fosters the new energy industry, accelerates the research, development, promotion and application of advanced energy-saving and carbon-reduction technologies, promotes the formation of green and low-carbon modes of production and living, advocates simplicity, moderation, resource conservation and recycling, and contributes to the building of a beautiful homeland through green products and green practices.

# Climate Change Response

## Governance

The Company has established a climate governance framework under which the Board of Directors serves as the highest decision-making and oversight body, and climate change management is advanced from the top down. Electric Machinery Company has established a Green and Low-carbon Development Management Committee, under which a Green and Low-carbon Development Office has been set up to take charge of climate-related management, organize the identification, prioritisation, analysis and management of climate-related risks and opportunities, and promote the formulation of climate-related targets while providing oversight and support. Meanwhile, the Green and Low-carbon Development Management Committee coordinates and guides the relevant work, coordinates resource allocation, promotes the linkage between senior management remuneration plans and climate change-related management Metrics, and regularly reports to the Board of Directors on strategies for addressing climate risks and capturing climate-related opportunities.



**Key Responsibilities of the Green and Low-carbon Development Management Committee:**

- ✓ Coordinating and advancing work related to energy conservation, emissions reduction and the development of the green manufacturing system
- ✓ Benchmarking against national and corporate green and low-carbon strategies and annual plans, organizing the formulation of the Company's green and low-carbon development strategy, annual plans and targets, and defining phased tasks and Metrics for the "dual control" of carbon emissions
- ✓ Studying and deciding on major matters related to green and low-carbon transformation, putting forward important project proposals, and promoting the implementation of key measures
- ✓ Submitting metrics system assessment reports and green manufacturing system work reports to the Board of Directors, evaluating the completeness and effectiveness of the system, deciding on and supervising improvement measures, and promoting rectification and enhancement by relevant departments, branches and subsidiaries
- ✓ Conducting special investigations into major matters, reviewing investigation findings and handling opinions in relation to violations, and pursuing accountability of relevant personnel within the scope of authority
- ✓ Organising assessments and evaluations of the completion of green and low-carbon targets by the Company's departments, branches and subsidiaries, so as to ensure closed-loop target management



## Strategy

The Company has systematically reviewed the climate-related risks it may face and their potential financial impacts, established high- and low-greenhouse-gas-emissions scenarios, analyzed the challenges and opportunities brought by climate factors under different scenarios, and comprehensively assessed the financial impacts of climate factors[1].

The Company conducted scenario analysis with reference to the Shared Socioeconomic Pathways (SSPs) set out in the *AR6 Synthesis Report: Climate Change 2023* of the Sixth Assessment Report (AR6) issued by the Intergovernmental Panel on Climate Change (IPCC). It selected the low-greenhouse-gas-emissions scenario (SSP1-2.6) and the high-greenhouse-gas-emissions scenario (SSP5-8.5) for comparison, and assessed transition risks and climate-related opportunities based on the "Net Zero Emissions by 2050 Scenario (NZE)" and the "Stated Policies Scenario (STEPS)." On this basis, the Company analyzed the potential impacts that climate change-related risks and opportunities may have on its operations in the short term (2026), medium term (2030) and long term (2050).

### List of Risk and Opportunity Scenario Analysis and Related Assumptions

| Climate Scenario | SSP1-2.6 | SSP5-8.5 |
|---|---|---|
| Physical Risk Scenario Description | Under this scenario, the world gradually moves towards a more sustainable development pathway. This scenario is committed to limiting the increase in global average temperature to well below 2°C, in line with the greenhouse gas emissions reduction ambition of the *Paris Agreement*, and global temperature is projected to rise by approximately 1.8°C above the pre-industrial level by 2100. | This scenario represents a pathway in which future greenhouse gas emissions continue to increase and radiative forcing reaches a high level, assuming that no new climate policy interventions are introduced. By the end of the 21st century, the global average temperature may rise by more than 4°C above the pre-industrial level. |
| Source of Scenario | Intergovernmental Panel on Climate Change (IPCC) (*Sixth Assessment Report* (AR6)) | |
| **Climate Scenario** | **NZE** | **STEPS** |
| Transition Risk/ Opportunity Scenario Description | The International Energy Agency has proposed the Net Zero Emissions by 2050 Scenario, which provides recommendations on technologies and emissions reduction pathways, international cooperation and energy sector transition, and is expected to limit the increase in global average temperature to 1.5°C. | This scenario is based on policies already in place and announced policy proposals that have not yet been fully implemented. Under this scenario, there is a 50% probability that the global temperature will rise by 2.4°C by 2100. |
| Source of Scenario | International Energy Agency (IEA) | |

1 The Company's assessment of the potential financial impacts of climate-related risks constitutes forward-looking statements. In view of the many uncertainties in the external environment, actual future developments may differ from the projections in this Report.

## Analysis of the Degree of Impact Under Different Climate Scenarios

| Time | | 2026 | 2030 | 2050 | 2026 | 2030 | 2050 |
|---|---|---|---|---|---|---|---|
| Category | | | SSP1-2.6 | | | SSP5-8.5 | |
| Physical Risks | Acute Risks | | | | | | |
| | Chronic Risks | | | | | | |
| Category | | | NZE | | | STEPS | |
| Transition Risks | Policy Risks | | | | | | |
| | Market Risks | | | | | | |
| | Supply Chain Risks | | | | | | |
| | Energy Risks | | | | | | |
| | Reputation Risks | | | | | | |
| | Technology Risks | | | | | | |

Risk Level: Low Risk Medium Risk High Risk

## Analysis of Major Climate Risk Impacts and Response Measures

| Risk/Opportunity Category | Impact Pathways | Potential Financial Impacts | Resilience-building Measures |
|---|---|---|---|
| **Physical Risks** | | | |
| Acute Risks | • Suspension of operations at production bases and projects under construction due to disasters;<br>• Damage to equipment and warehousing facilities;<br>• Delivery delays caused by logistics disruptions;<br>• Increased safety risks in on-site construction, operation and maintenance;<br>• Increased emergency support needs at customer sites. | • Increased expenditure arising from production suspension, work stoppages and restoration;<br>• Risk of breach of contract and claims resulting from delayed contract performance and delivery;<br>• Increased insurance costs or deductibles;<br>• Greater cash flow volatility and increased uncertainty in receivables collection. | • Incorporating extreme weather into emergency response plans and annual drills;<br>• Improving drainage, flood prevention, wind protection, freeze protection and backup power assurance at plant sites;<br>• Establishing redundant configurations for critical equipment and spare parts;<br>• Optimising logistics and delivery contingency plans through multiple routes and multiple carriers;<br>• Improving insurance coverage and post-disaster recovery plans;<br>• Enhancing on-site project management and early warning response. |



| Risk/Opportunity Category | Impact Pathways | Potential Financial Impacts | Resilience-building Measures |
|---|---|---|---|
| Chronic Risks | • High temperatures affecting production efficiency and equipment stability;<br>• Cooling water, process water and water supply stability being affected;<br>• Fluctuations in the supply of raw materials and components due to climate impacts;<br>• Changes in the long-term operating and maintenance environment affecting equipment lifespan and reliability. | • Increased energy consumption and water use costs;<br>• Increased investment in equipment maintenance and replacement;<br>• Declines in capacity utilization or fluctuations in yield rate;<br>• Increased supply assurance costs. | • Conducting environmental factor identification and risk assessment, and dynamically updating the list;<br>• Advancing energy-saving retrofits and energy efficiency management, and optimizing process and equipment thermal management;<br>• Strengthening water resources management and recycling;<br>• Taking into account reliability and service life under different climatic operating conditions in product design. |
| **Transition Risks** | | | |
| Policy Risks | • Higher compliance requirements leading to increased management and retrofit investment;<br>• More stringent requirements for carbon accounting, inventorying and information disclosure;<br>• Regulatory requirements such as green procurement and green manufacturing extending across the supply chain and the full project life cycle. | • Increased compliance costs and capital expenditure for retrofitting;<br>• Risks of fines, production suspension for rectification, or project restrictions arising from non-compliance;<br>• Financing and reputational pressure caused by insufficient disclosure. | • Incorporating relevant matters into the Company's environmental and carbon emissions management system and implementing the relevant detailed rules;<br>• Improving carbon emissions statistics, accounting and assessment mechanisms, and unifying reporting standards;<br>• Tracking changes in policies and standards, and conducting compliance gap assessments and rectification;<br>• Strengthening disclosure governance and data quality control. |
| Market Risks | • Stronger customer preference for low-carbon and high-efficiency products;<br>• Greater weighting of carbon footprint, energy efficiency and green certification in project tenders;<br>• Declining demand in traditional high-emission application scenarios. | • Revenue fluctuations caused by changes in order structure;<br>• Increased R&D investment and iteration costs for product upgrading;<br>• Pressure on the pricing power of existing products. | • Optimising the portfolio of products and solutions, and strengthening the competitiveness of high-efficiency, low-carbon and energy-saving products;<br>• Integrating carbon and energy efficiency Metrics into R&D and bidding strategies;<br>• Strengthening customer communication and full life-cycle service capabilities;<br>• Conducting scenario analysis for key markets and making early arrangements for opportunities in priority industries and regions. |

| Risk/Opportunity Category | Impact Pathways | Potential Financial Impacts | Resilience-building Measures |
|---|---|---|---|
| Supply Chain Risks | • Transmission of upstream carbon emissions and compliance requirements;<br>• Fluctuations in the supply of key materials;<br>• Supplier environmental compliance incidents affecting supply and quality;<br>• Cross-regional transportation being affected by the combined impact of carbon policies and extreme weather. | • Increased procurement costs and delivery risks;<br>• Higher costs for alternative supply and emergency procurement;<br>• Project delays and compensation risks caused by supply disruptions. | • Establishing supplier ESG/carbon compliance requirements and assessment mechanisms;<br>• Advancing supply chain diversification and alternative options for key materials;<br>• Encouraging core suppliers to carry out collaborative carbon reduction and quality improvement;<br>• Optimising inventory and key spare parts strategies;<br>• Improving supply chain risk contingency plans and information-sharing mechanisms. |
| Energy Risks | • Fluctuations in energy prices and supply affecting production costs;<br>• Higher requirements for dual control of energy consumption and energy use structure;<br>• Increased green electricity ratio requirements and energy efficiency constraints. | • Rising production costs and pressure on gross profit margins;<br>• Increased investment in energy efficiency retrofits and adjustments to the energy use structure;<br>• Energy use constraints affecting production capacity arrangements. | • Strengthening energy consumption and carbon emissions management, and advancing energy-saving and consumption-reduction projects;<br>• Optimising the energy mix and energy use planning management;<br>• Assessing and progressively increasing the proportion of green electricity used, where feasible;<br>• Improving sensitivity analysis of energy costs and budget management. |
| Reputation Risks | • Inadequate climate-related disclosure or inconsistent data;<br>• Attention triggered by environmental incidents or negative supply chain events;<br>• Rising expectations from customers and investors regarding climate governance. | • Increased financing costs or restricted financing access;<br>• Impacts on customer cooperation and order acquisition;<br>• Damage to brand value and talent attraction. | • Improving disclosure governance and internal review mechanisms, and strengthening consistency and traceability of data standards;<br>• Establishing public opinion monitoring and response mechanisms;<br>• Strengthening stakeholder communication and enhancing transparency. |



| Risk/Opportunity Category | Impact Pathways | Potential Financial Impacts | Resilience-building Measures |
|---|---|---|---|
| Technology Risks | • Accelerated iteration of new technology pathways requiring continuous upgrading of products and processes;<br>• Updates to industry standards affecting technology choices;<br>• Uncertainty in the payback period for technology investments. | • Increased R&D investment;<br>• Asset impairment or project returns falling short of expectations due to errors in R&D strategic decisions;<br>• Pressure on market share caused by declining product competitiveness. | • Establishing mechanisms for technology pathway assessment and phased investment;<br>• Strengthening testing, validation and demonstration application to control technology and investment risks;<br>• Tracking changes in standards and customer needs and iterating rapidly;<br>• Strengthening collaboration among industry, academia and research, and enhancing the reserve of key technical talent. |

## Identification of Climate-related Opportunities

| Potential Opportunities | Opportunity Analysis | Potential Financial Impacts |
|---|---|---|
| Reputation Opportunities | By improving climate governance and information disclosure, and strengthening energy conservation, emissions reduction and green manufacturing practices, the Company can enhance its transparency and credibility with investors, customers and regulators, and strengthen brand influence and stakeholder recognition. | This helps improve access to financing and financing terms, enhance customer loyalty and market recognition, and reduce the risk of business volatility arising from reputational damage. |
| Technology Opportunities | By focusing on demand for low-carbon and high-efficiency equipment, the Company can accelerate the R&D, application and iteration of technologies related to energy conservation, carbon reduction, green manufacturing and energy efficiency improvement, thereby enhancing the low-carbon competitiveness of its products and solutions. | This helps improve product competitiveness and pricing power, expand new business opportunities, and optimize the revenue structure. At the same time, technology upgrades help improve efficiency and reduce costs. |
| Market Opportunities | Low-carbon transition is driving stronger customer demand for high-efficiency, low-carbon and green products and services. The Company can capture incremental opportunities in areas such as project bidding, retrofitting and upgrading of existing equipment, and full life-cycle services. | This helps expand order acquisition and market share, improve the success rate of winning new projects, create sustainable revenue streams, and enhance operational resilience. |

# Management of Impacts, Risks and Opportunities

The Company actively implements the major strategic decisions of the CPC Central Committee and the State Council on carbon peaking and carbon neutrality, and actively responds to the deployment requirements of the SASAC on the green and low-carbon development of central state-owned enterprises. It has formulated guiding documents such as the work plan for responding to carbon peaking, designed the green and low-carbon development pathway at the top level, and integrated low-carbon work requirements throughout the entire process, full workflow and whole chain of production and operations.

## Carbon Management System Certification

The Company actively advanced carbon management system certification. All of its manufacturing enterprises passed carbon management system certification, achieving an effective transition from energy management to carbon management and continuously improving the green production and manufacturing management system. In June 2025, Electric Machinery Company obtained the first carbon management system certification certificate in China's electrical machinery and equipment manufacturing industry.

## Zero-carbon Factory Transformation

The Company actively promoted the upgrading of green factories, continuously explored the potential for energy saving and carbon reduction, and built zero-carbon production and manufacturing bases. Heavy Equipment Company passed the five-star certification for a Type I "Zero-carbon Factory," achieving a leapfrog upgrade from a green factory to a "zero-carbon factory." Boiler Company organized all employees to participate in dedicated study sessions on the interpretation of the *Evaluation Specification for Zero-carbon Factories* and the key points for establishment, systematically mastering the connotations of the evaluation Metrics for "zero-carbon factories" and the key implementation pathways, and incorporated the establishment of "zero-carbon factories" into its medium- and long-term development plan to promote the orderly advancement of related work.

## Green Energy

The Company encourages its subsidiaries to reduce carbon emissions by actively purchasing green electricity, constructing photovoltaic power generation projects, building clean lighting systems, and increasing the proportion of clean energy used.

In 2025, Boiler Company, Electric Machinery Company, Turbine Company, Heavy Equipment Company and Valve Company purchased more than 140 million kWh of green electricity and green certificates, reducing carbon dioxide emissions by approximately 75,000 tons. Heavy Equipment Company completed a 5.2 MWp integrated smart energy photovoltaic power generation project, integrating functions such as photovoltaics, charging, warehousing and parking. The project provides 28,000 square metres of photovoltaic parking areas, 50 charging piles and 5,500 square metres of photovoltaic warehouses, with annual power generation of nearly 6 million kWh and carbon dioxide emissions reductions of more than 4,000 tons, demonstrating remarkable results in the application of green energy.



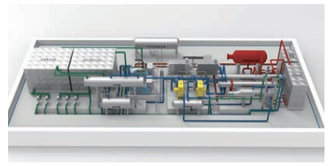



## Climate-related Performance Assessment

The Company treats low-carbon development Metrics such as energy conservation and environmental protection as binding Metrics and incorporates them into the annual business performance assessment of the management and subsidiaries. Each year, it organizes the selection of advanced units and individuals in safety and environmental protection, and grants rewards to units and individuals that have achieved outstanding results in work such as energy conservation, emissions reduction and carbon reduction.

### Case | Turbine Company Built a Megawatt-scale Compressed $CO_2$ Electrothermal Energy Storage Pilot System to Support Low-carbon Transformation





Leveraging the R&D system of the National Engineering Research Center for Power Generation Equipment, Harbin Electric Turbine built the world's first megawatt-scale compressed $CO_2$ electrothermal energy storage pilot system project and completed all test verification tasks, achieving stable full-load operation of both the storage and release systems. Using $CO_2$ as the circulating working medium, the project innovatively couples an ultra-high-temperature heat pump power storage system with a Brayton cycle power generation system in a dual closed-cycle power system, overcoming the dependence of conventional compressed air energy storage on air storage caverns, significantly enhancing site selection flexibility, and improving electricity-to-electricity conversion efficiency through multi-level waste heat utilization. As a new long-duration physical energy storage technology pathway of a "thermal battery," the project can be adapted to multiple application scenarios on the power generation side, grid side and load side, providing key technical support for enhancing the capacity to integrate a high proportion of renewable energy and supporting the low-carbon transformation of the energy system. The project was selected as one of the "Top Ten Super Projects of Central State-owned Enterprises in 2025," and was recognised by expert review as having reached an internationally leading technological level.

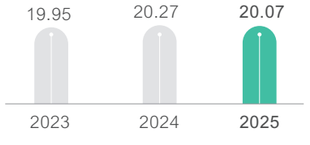
# Metrics and Targets

### Climate Change Response Target:

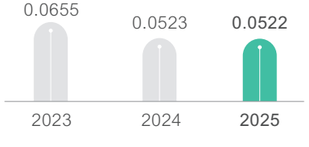
- ✓ **2025 Target:** Carbon dioxide emissions per RMB ten thousand of output value (revenue) to decrease by 3% year on year
- ✓ **2025 Actual:** Carbon dioxide emissions per RMB ten thousand of output value (revenue) decreased by 16.63% year on year

## Metrics

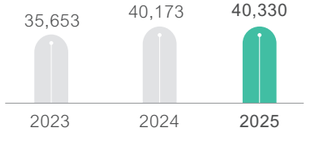
### Greenhouse Gas Emissions — 10,000 tons of $CO_2e$



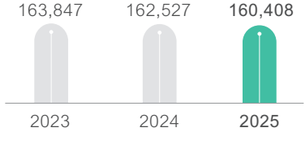

### Greenhouse Gas Emissions Intensity — tons of $CO_2e$/RMB ten thousand




### Total Scope 1 Emissions — tons of $CO_2e$




### Total Scope 2 Emissions — tons of $CO_2e$



# Environmental Compliance Management

## Environmental Management System

The Company strictly complies with the requirements of environmental protection-related laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, the *Energy Law of the People's Republic of China,* the *Energy Conservation Law of the People's Republic of China*, and the *Measures for the Supervision and Administration of Energy Conservation and Ecological and Environmental Protection of Central State-owned Enterprises*. It has strengthened its environmental management system and formulated and implemented such internal policies as the *Measures for Energy Conservation and Environmental Protection Management*, the *Measures for the Management of the Responsibility System for Occupational Health and Safety, Energy Conservation and Environmental Protection,* the *Measures for Rewards and Penalties for Safety and Environmental Protection,* and the *Detailed Implementation Rules for Safety and Environmental Protection Training Management*, thereby continuously improving its environmental management and energy conservation and emissions reduction management system. The Company has standardized the statistical scope and accounting methods for energy consumption, carbon emissions and pollutant emissions, so as to promote the orderly advancement of energy conservation and emissions reduction work. At the same time, it has clarified principal responsibilities and division of duties, strengthened process control and assessment constraints, and consolidated the foundation for institutionalized management.

The Company adheres to the occupational health, safety and environmental protection policy of "managing the enterprise in accordance with the law, pursuing continuous improvement, conserving energy and reducing emissions, and putting people first." In accordance with the requirements of the environmental management system, it has formulated the *Quality, Environment, and Occupational Health and Safety Management Manual* and supporting procedural documents, thereby promoting the standardized and regulated operation of management processes.

In 2025, the Company successfully passed the renewal audit conducted by the certification body, and its environmental management system remained in effective operation.

The Company and its manufacturing subsidiaries have all obtained environmental management system certification. In accordance with the requirements of the ISO 14001 environmental management system, they have prepared environmental and occupational health and safety management manuals and procedural documents, and systematically identified, assessed and analyzed their own environmental impact factors. The Company has continuously promoted the standardization of management processes and steadily enhanced the standardization level and operational quality of environmental management.

The Company has established an Occupational Health, Safety and Environmental Management Committee to coordinate its safety and environmental protection work, and has set up a Safety, Environmental Protection and Quality Department responsible for organizing and carrying out specific environmental protection work. Each subsidiary has likewise established its own Occupational Health, Safety and Environmental Management Committee to coordinate safety and environmental protection work within the enterprise, and has set up dedicated environmental protection functional departments specifically responsible for implementing work related to environmental monitoring, management of the discharge of wastewater, waste gas and solid waste, environmental protection investment, and the enhancement of environmental protection technologies.









The Company's *Quality, Environment, and Occupational Health and Safety Management Manual*




Electric Machinery Company




Power Technology & Trade Company

In 2025, the Company continued to increase its investment in environmental protection to support sustainable development and reduce the environmental impacts of its operating activities. Among these investments, Boiler Company invested RMB 6.531 million in environmental protection projects, while Heavy Equipment Company invested RMB 6.675 million in environmental protection throughout the year, accounting for 0.36% of its output value and representing a year-on-year increase of 260%.

| Environmental Management Targets | 2025 Completion Status |
|---|---|
| ✓ Zero environmental pollution liability accidents | All completed |
| ✓ 100% hazardous waste disposal rate | |

The Company's subsidiaries regularly communicate with stakeholders such as government regulators, industry associations and customers to understand their expectations regarding environmental management and incorporate them into daily management. At the same time, they pay attention to feedback from residents in communities surrounding their plants so as to reduce potential impacts on nearby living conditions. All subsidiaries have established complaint handling procedures and promptly accept, investigate, rectify and review opinions from stakeholders such as communities and local residents, thereby continuously improving environmental management performance. In 2025, the Company did not receive any related complaints or reports.

## Emergency Response to Incidents

In accordance with the *Technical Guidelines for Formulating Emergency Emissions Reduction Measures for Key Industries during Heavy Pollution Weather (2020 Edition)* issued by the Ministry of Ecology and Environment, as well as the relevant requirements of Harbin's emergency response plan for heavy pollution weather, the Company has implemented response measures for heavy pollution weather. In addition, pursuant to the *Measures for the Investigation and Handling of Environmental Emergencies* and the *Measures for Emergency Management of Environmental Emergencies* issued by the former Ministry of Environmental Protection under the State Council, the Company has guided its subsidiaries in preparing the *Emergency Response Plan for Environmental Emergencies* and the *Emergency Response Plan for Natural Disaster Emergencies*. Each year, the Company allocates dedicated funds to organize emergency drills for environmental emergencies, continuously improves preventive measures, and enhances its emergency response capabilities.

In terms of environmental risk management, the Company has carried out environmental risk identification and assessment, prepared the *List of Environmental Factors*, strengthened the dynamic management of risks, and formulated emergency drill plans for environmental risks, organizing drills around sudden environmental incidents such as chemical leaks and environmental pollution. At the same time, based on the *Key Points for the Special Investigation and Rectification of Environmental Protection Improvement in Central State-owned Enterprises*, the Company formulated the *Work Plan for the Special Investigation and Rectification of Environmental Protection Improvement* and the *Breakdown of the Work Plan for the Special Investigation and Rectification of Energy Conservation and Environmental Protection Improvement*, and prepared the *List of Problems and Hidden Risks for the Special Investigation and Rectification of Environmental Protection Improvement of the Company*, thereby promoting the orderly implementation of investigation and rectification work relating to hidden environmental risk hazards.

In 2025, the Company did not experience any major environmental compliance incidents.




The Harbin Municipal Bureau of Ecology and Environment issued a *Letter of Appreciation* to Boiler Company in recognition of its contributions to organizational support and coordination for the "Ice City Nuclear Shield" emergency drill.

# Strengthening Pollution Prevention and Control

The Company attaches great importance to the management of wastewater, waste gas, solid waste and other emissions. It strictly complies with the requirements of laws and regulations including the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and the *Law of the People's Republic of China on the Prevention and Control of Radioactive Pollution*. The Company has continuously improved the full-process management mechanism for emissions and formulated the *Special Measures for Environmental Protection Management*, thereby strengthening source control, process control and end-of-pipe treatment to ensure that all types of emissions are treated and discharged in compliance with laws and regulations and consistently meet the applicable standards.

The manufacturing enterprises of the Company strictly implement the pollutant discharge permit system, lawfully obtain pollutant discharge permits, and carry out emissions management in accordance with permit requirements. They regularly engage professional institutions to monitor wastewater, waste gas and noise emissions, submit the monitoring results to the competent national ecological and environmental authorities as required, and proactively accept public supervision. In 2025, all pollutant emissions of the Company were compliant and met the applicable standards.

## Wastewater

The Company attaches great importance to wastewater management. During the production process, its manufacturing enterprises generate a certain amount of wastewater, mainly including domestic wastewater and water used for hydraulic testing. In line with the principle of "separating rainwater from sewage and applying integrated treatment," the Company has established relatively independent pipeline networks for rainwater, domestic sewage and industrial wastewater, together with domestic sewage treatment stations and industrial wastewater treatment stations. Wastewater treatment adopts a combination of processes such as chemical treatment and biochemical treatment, so as to ensure that wastewater treatment and discharge comply with relevant national and regional standards and policy requirements.

The subsidiaries lawfully apply for and obtain pollutant discharge permits, strictly discharge pollutants in accordance with the permits, and regularly engage qualified third-party testing institutions to carry out monitoring in accordance with the requirements of the permits, thereby ensuring that wastewater is discharged stably in compliance with applicable standards. During the reporting period, the wastewater treatment facilities operated well, and the quality of discharged wastewater met the requirements of *GB8978-1996 Integrated Wastewater Discharge Standard*.

In 2025, the total wastewater discharge of the manufacturing enterprises of the Company was 618,539 tons, all of which met the applicable discharge standards in accordance with the requirements of the pollutant discharge permits.

| Metrics | Unit | 2025 | 2024 | 2023 |
|---|---|---|---|---|
| Wastewater Discharge | tons | **618,539** | 776,725 | 692,164 |
| Industrial Wastewater Discharge | tons | **541,534** | 631,775 | 676,200 |
| Domestic Wastewater Discharge | tons | **77,005** | 144,950 | 37,874 |
| Ammonia Nitrogen Emissions ($NH_3$-N) | tons | **0.53** | 0.63 | 0.63 |
| Chemical Oxygen Demand (COD) | tons | **16.49** | 18.95 | 19.20 |

## Waste Gas

During the production process, the subsidiaries generate a certain amount of waste gas, mainly including process waste gas, volatile gases from hazardous waste storage facilities, and coating waste gas. The Company adheres to the management principle of "source control, process treatment and compliant end-of-pipe discharge," has established a waste gas collection, treatment and monitoring system, and continuously improves its waste gas treatment performance through the application of technologies such as volatile gas collection and treatment, activated carbon adsorption, catalytic combustion and desulfurisation, thereby ensuring that emissions comply with relevant national and regional standards and policy requirements.



The subsidiaries lawfully apply for and obtain pollutant discharge permits, strictly discharge pollutants in accordance with the permits, and regularly engage qualified third-party testing institutions to carry out monitoring in accordance with the requirements of the pollutant discharge permits, thereby ensuring that waste gas is discharged stably in compliance with applicable standards. During the reporting period, the waste gas treatment facilities operated well, and all emissions complied with the relevant standards.

Turbine Company carried out upgrading and retrofit works on the No. 701 large annealing furnace at its cold working branch. Verification results showed that comprehensive energy consumption decreased by 66%, while pollutant emissions were significantly reduced. Specifically, sulfur dioxide emissions were 0 mg/m³, nitrogen oxides emissions were 36 mg/m³, and the measured concentration of particulate matter was 7.1 mg/m³, all of which were significantly lower than the applicable standard limits.

| Metrics | Unit | 2025 | 2024 | 2023 |
|---|---|---|---|---|
| Nitrogen Oxides (NOx) Emissions | kg | **34,743.80** | 33,577.70 | 29,515.70 |
| Sulfur Oxides (SOx) Emissions | kg | **33.90** | 31.90 | 28.00 |
| Suspended Particles and Particulate Matter (PM) Emissions | tons | **21.88** | 26.46 | 13.88 |
| Volatile Organic Compounds (VOCs) Emissions | tons | **22.47** | 24.69 | 30.79 |

## Waste

The Company strictly complies with the relevant national laws, regulations and standard requirements on the management of solid waste and hazardous waste, and continuously improves the full-process management mechanism covering waste classification, collection, temporary storage, transfer and disposal. The Company's solid waste is mainly generated from production activities such as machining, maintenance and repair, welding and sandblasting. General industrial solid waste is collected in a unified manner in accordance with classification standards and temporarily stored at designated solid waste storage sites. The construction and management of such sites comply with the technical requirements of the *Technical Guidelines for Solid Waste Treatment and Disposal Engineering*, and qualified disposal entities are engaged for compliant transfer and disposal.

The Company comprehensively identifies the stages at which hazardous waste is generated, engages qualified entities to determine waste characteristics, standardizes hazardous waste labels and markings, establishes hazardous waste inventories and ledgers, and carries out the construction and operation of hazardous waste temporary storage facilities in accordance with laws and regulations. It implements classified and zoned storage requirements, strictly prohibits open-air piling, and rigorously controls collection and storage risks.

### Hazardous Waste

- Collected in a unified manner and temporarily stored in dedicated hazardous waste storage facilities, and subsequently transferred and disposed of by qualified third-party entities, so as to ensure compliance throughout the entire process of collection, storage, transfer and disposal.
- Comprehensive identification of hazardous waste generation stages, with qualified entities engaged to determine waste characteristics.
- Standardisation of hazardous waste labels and markings, establishment of hazardous waste inventories and ledgers, and strengthening of traceability management.
- Construction and operation of hazardous waste temporary storage facilities in accordance with laws and regulations, implementation of classified and zoned storage requirements, strict prohibition of open-air piling, and rigorous control of collection and storage risks.

### Non-hazardous Waste

- Clear definition of supervisory and management procedures for solid waste prevention and control, establishment of classified solid waste temporary storage sites, and implementation of classified collection and standardized management.
- Domestic waste is collected at designated points and promptly removed by sanitation authorities.
- General industrial solid waste is collected by category, properly stored temporarily, and then delivered to professional entities for recycling and treatment.
- Classified management of recyclable solid waste as well as non-recyclable solid waste such as domestic waste and construction waste, so as to improve the standardization level of disposal.

In terms of digitalized management, the Company standardizes the management of key stages involving the generation, collection, storage, transfer and disposal of general industrial solid waste and hazardous waste in accordance with solid waste classification standards. It has promoted an intelligent hazardous waste management system and introduced intelligent integrated terminal devices for hazardous waste, thereby implementing digitalized management over processes such as hazardous waste storage and transfer and enhancing the standardization and traceability of management.

In 2025, the Company achieved a 100% comprehensive utilization rate for general solid waste and a 100% compliant disposal rate for hazardous waste.

| Metrics | Unit | 2025 | 2024 | 2023 |
|---|---|---|---|---|
| Total Hazardous Waste Generated | tons | **2,450** | 2,086 | 1,968 |
| Total Non-hazardous Waste Generated | tons | **50,299** | 53,500 | 44,200 |
| Comprehensive Utilisation Rate of General Industrial Solid Waste | % | **100** | 100 | 100 |
| Proportion of Waste Recycled and Reused | % | **95.36** | 32.50 | 25.70 |

## Noise

The subsidiaries have formulated the *Measures for Noise Management*, under which the responsible departments are clearly assigned to carry out unified supervision and management over the prevention and control of environmental noise pollution at plant sites and project sites. The Company controls noise sources through measures such as installing sound barriers and selecting low-noise equipment, so as to ensure that noise emissions comply with relevant requirements. At the same time, noise monitoring equipment is used on a regular basis for monitoring, and noise testing is conducted weekly at sensitive reception points in communities surrounding project sites, so that noise levels can be promptly identified and necessary control measures can be implemented.

### Case | Boiler Company Carried Out a Special Noise Control Campaign During the High School and Secondary School Entrance Examination Period

In 2025, in order to ensure a quiet and orderly environment for students' study, daily life and examinations during the National Higher Education Entrance Examination and the Secondary School Entrance Examination period, Boiler Company made coordinated arrangements for noise control in light of actual conditions, organized a dedicated deployment meeting to communicate the relevant requirements, and clarified the division of responsibilities. The Company strictly implemented the requirements prohibiting construction work throughout the day in areas concentrated with noise-sensitive buildings during the examination period, as well as the requirement for all workshops to operate with doors and windows closed. It also assigned designated personnel to conduct special inspections at operation sites, with a focus on checking the implementation of suspension and restriction measures for construction activities and the execution of closed-door and closed-window operations in workshops, thereby ensuring that control measures were effectively implemented and creating a favourable environment for students.







# Resource Use and Circularity

## Energy Management

The Company's energy consumption mainly arises from the production and manufacturing of power equipment and daily office operations. The Company primarily uses purchased energy, including conventional energy such as electricity and heat, clean energy such as natural gas and solar energy, as well as green electricity. The Company attaches great importance to energy conservation and consumption reduction. Its manufacturing enterprises have established energy management systems in accordance with the requirements of ISO 50001:2018, formulated and implemented supporting energy management policies such as the *Measures for Energy Conservation Management*, organized the implementation of energy management projects, and continuously strengthened energy process control and efficiency improvement. As of the end of the reporting period, all of the Company's manufacturing enterprises had obtained ISO 50001:2018 energy management system certification.




### Energy-saving Targets

| Long-term Target | Phased Target | Progress Achieved |
|---|---|---|
| During the 14th Five-Year Plan period, comprehensive energy consumption per RMB ten thousand of output value will be reduced by 15% compared with 2020 | Comprehensive energy consumption per RMB ten thousand of output value in 2025 will decrease by 3% year on year | In 2025, comprehensive energy consumption per RMB ten thousand of output value decreased by 38.92% compared with 2020 and by 14.79% year on year compared with 2024 |

### Key Energy-saving Projects and Progress

The Company attaches great importance to energy conservation and consumption reduction, and continuously promotes higher efficiency and lower carbon intensity in energy utilization through lean improvement and quality and efficiency enhancement. The Company has advanced the digitalization of energy management by installing remote monitoring systems for major energy-consuming equipment to improve intelligent operation and maintenance. Through the deployment of sensors and intelligent meters, real-time collection, statistics and analysis of energy data are achieved, providing support for energy use optimization and abnormality warnings. At the same time, the Company has continued to promote the retrofitting and upgrading of ageing equipment and facilities, the development of green workshops, and the implementation of intelligent clean photovoltaic projects in light of actual conditions, thereby further improving energy utilization efficiency and the level of clean energy application.

**Upgrading and Phasing Out High Energy-consuming Equipment**

In strict alignment with the national mandatory standards for phasing out high energy-consuming equipment, the Company comprehensively advanced the elimination and upgrading of high energy-consuming equipment falling below national access standards and simultaneously replaced it with energy-saving equipment. During the year, more than 460 units of key energy-consuming equipment, including boilers, motors, transformers, air compressors and heat exchangers, were retrofitted or replaced.

**Special Retrofit of Heat Treatment Equipment**

The Company carried out an action plan for the upgrading and replacement of ageing heat treatment equipment and completed the replacement of 4 heat treatment furnaces. Among them, after the upgrading of No. 702 furnace of Boiler Company and No. 701 furnace of Turbine Company, significant results were achieved in energy conservation and emissions reduction. Their energy consumption reached the level of special-grade furnaces under national standards, and all pollutant emissions were significantly better than the national standard limits, reaching an industry-leading level. Heavy Equipment Company innovatively established a centralised control center for heat treatment furnaces, enabling centralised control of 5 heat treatment furnaces within the plant, optimizing the control system, and improving the quality and efficiency of heat treatment processes.

**Application of Green Energy**

The Company increased the application of green energy. Heavy Equipment Company completed a 5.2 MWp integrated smart energy photovoltaic power generation project, integrating functions such as photovoltaics, charging, warehousing and parking, together with 28,000 square metres of photovoltaic parking areas, 50 charging piles and 5,500 square metres of photovoltaic warehouses. The project generates nearly 6 million kWh of electricity annually and reduces carbon dioxide emissions by more than 4,000 tons, demonstrating remarkable results in the application of green energy.




Energy-saving Retrofit of Heating Furnaces and Plant Buildings at Boiler Company




Installation of Photovoltaic Panels at Heavy Equipment Company

| Metrics | Unit | 2025 | 2024 | 2023 |
|---|---|---|---|---|
| Total Comprehensive Energy Consumption | tce | **63,566** | 60,525 | 55,600 |
| Comprehensive Energy Consumption Intensity | tce/RMB ten thousand | **0.0165** | 0.0194 | 0.0241 |
| Self-generated Renewable Energy Consumption | kWh | **6,476,000** | 2,946,871 | 1,140,000 |
| Green Electricity Purchased through Green Electricity and Green Certificates | kWh | **144,590,000** | 12,427,100 | 7,800,000 |
| Natural Gas Consumption | $m^3$ | **18,190,371** | 18,061,652 | 15,860,000 |
| Gasoline Consumption of Official Vehicles | tons | **271.80** | 311.2 | 373 |



## Water Resources Management

The Company strictly complies with laws and regulations including the *Water Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*. Water consumed by the Company is mainly used for production and daily living needs at its operating bases, and all water is sourced from municipal water supply. The subsidiaries have identified responsible departments for water resources management, established and implemented relevant procedures and systems for water intake and water conservation, continuously improved water-saving management, and promoted the optimal allocation and comprehensive utilization efficiency of water resources. At the same time, the Company has strengthened publicity and education on water conservation, enhanced employees' awareness of water saving, improved the long-term management mechanism for water conservation, and contributed to the development of a water-saving society.

In 2025, through the use of cooling water recycling and deionised water reuse, Heavy Equipment Company achieved **494,640** tons of reused water, with a water reuse rate of **86.21**%.



Heavy Equipment Company's Water Circulation Equipment

| Metrics | Unit | 2025 | 2024 | 2023 |
|---|---|---|---|---|
| Total Water Consumption | tons | **6,523,811** | 5,346,819 | 6,954,346 |
| Fresh Water Consumption (Municipal Water Supply) | tons | **796,207** | 976,761 | 859,926 |
| Total Reused Water | tons | **5,727,604** | 4,370,058 | 6,094,420 |
| Proportion of Reused Water Consumption | % | **87.80** | 81.73 | 87.63 |
| Water Consumption per RMB Million of Revenue | tons | **127.54** | 137.95 | 228.31 |

## Materials Management

The Company complies with the *Circular Economy Promotion Law of the People's Republic of China* and continuously advances resource conservation and recycling. In terms of production material substitution, the Company has continuously maintained the substitution rate of water-based paint application at no less than 80%, and the substitution rate of copper-free welding materials at 100%. In terms of solid waste recycling, the comprehensive utilization rate of general industrial solid waste reached 100%.

the substitution rate of copper-free welding materials at **100**%

the comprehensive utilization rate of general industrial solid waste reached **100**%

The Company continuously strengthens materials management. Through the formulation of policies such as procedures for materials procurement management and standards for materials warehouse management, each subsidiary has continuously improved its materials management level. The Company's main materials include raw materials, supporting components and packaging materials. The subsidiaries have established management procedures and standards covering the receipt of materials at plant sites, warehousing, safe storage, requisition and outbound delivery, thereby standardizing full-process materials management. For the storage stage, the Company has made clear requirements for classified storage, storage conditions, safe storage, storage standards, stacking standards, maintenance standards, and labelling and record-keeping, so as to improve demand management capability and materials utilization efficiency. During the reporting period, the Company adhered to the principles of lightweighting, reduction and circularity in the use of packaging materials, and improved material utilization through design and process enhancement.

## Green Operations

The Company actively practices the concept of green operations and integrates energy conservation, consumption reduction, resource conservation and low-carbon management into all aspects of daily management and office operations. The Company advocates paperless office practices and green behavioural approaches, improves supporting measures such as green travel, reduces resource consumption and carbon emissions through attention to operational details, and continuously fosters a green, healthy and low-carbon working environment.

### Green Office Initiatives

**Paper Saving, Consumption Reduction and Low-carbon Office Practices**
Promoting habits such as double-sided printing and electronic archiving to reduce paper consumption and implement low-carbon principles in daily operations.

**Promotion of Green Living**
Carrying out green plant distribution activities and providing small potted plants to property owners and employees to create a green atmosphere and enhance environmental awareness and team cohesion.

**Paperless and Digitalised Application**
Applying information systems in practice and comprehensively promoting a paperless office model to reduce resource consumption and carbon emissions in office operations.

**Support for Green Travel**
Improving supporting facilities for green travel, constructing and putting charging stations into operation, encouraging commuting by new energy vehicles, and providing shuttle buses.

**Case | Narya 2 Project Carried Out a Camp Greening Initiative to Promote Green Office Practices**

The Narya 2 Project is located in an inland desert climate zone characterised by perennial high temperatures, drought and frequent sandstorms. In order to improve the environmental quality of the camp and office area and create a healthier and more comfortable working and living space, the project team invested approximately RMB 50,000 during the reporting period in a greening initiative beyond the scope of the owner's contract, treating camp and office area greening as an important measure of green office practice. Adhering to a site-specific approach, the project team selected native plants resistant to drought and high temperatures for planting. As of the end of 2025, more than 140 trees of various kinds had been planted in the camp and office area, effectively improving the working and living environment, alleviating employees' work pressure under harsh conditions, and enhancing quality of life and well-being.







# Protecting the Green Earth

## Biodiversity Protection

The Company strictly complies with laws and regulations including the *Environmental Protection Law of the People's Republic of China*, the *Environmental Impact Assessment Law of the People's Republic of China*, the *Wildlife Protection Law of the People's Republic of China*, the *Forest Law of the People's Republic of China*, the *Marine Environmental Protection Law of the People's Republic of China*, the *Wetland Protection Law of the People's Republic of China*, the *Biosafety Law of the People's Republic of China*, the *Regulations of the People's Republic of China on the Protection of Wild Plants*, and the *Regulations of the People's Republic of China on Nature Reserves*. With reference to the policy and planning document *Action Plan for Accelerating Green Development and Advancing the Building of a Beautiful China (2024-2027)*, the Company has continuously advanced biodiversity protection-related work.

The Company has continuously carried out special rectification actions on ecological and environmental protection among enterprises along the Yangtze River Basin, and organized experts in the fields of energy conservation and environmental protection to conduct supervision and inspection of ecological and environmental protection management among enterprises in the Yangtze River Basin, thereby further consolidating the results of the special rectification work. The subsidiaries strictly implement biodiversity protection measures during project design, construction and operation, so as to reduce disturbance to the ecological environment caused by production and business activities.

**Case | Harbin Electric International Carried Out Biodiversity Protection Actions in the Luma 2 Project**

From the outset of the construction of the Luma 2 Project, Harbin Electric International incorporated biodiversity protection into key on-site management priorities, organized protective measures for wild trees around the camp, and simultaneously advanced camp greening by arranging a variety of green plants in the living area, thereby reducing disturbances to the surrounding ecology caused by construction and camp activities. To reduce potential impacts on wildlife, the Company installed camel warning signs on access roads to remind passing vehicles to slow down and remain alert to camels that might appear on the road, thereby reducing the impact of human and vehicle activities on animal movement and safety. These measures reflect the Company's environmental philosophy of respecting nature and promoting harmonious coexistence between humanity and nature.





### Case | Manzanillo III Combined Cycle Power Plant Project Implemented Biodiversity Protection and Ecological Compensation

During both the construction and operation phases, the Manzanillo III Combined Cycle Power Plant (CCPP) Project treated biodiversity protection as a key work priority. In accordance with the submitted regional environmental impact assessment report (MIA-R) and environmental permit requirements, preventive and mitigation measures were implemented. Ecological disturbance was reduced by delineating work and permitted areas, while the environmental department organized and implemented dedicated plans for plant compensation and restoration, animal rescue and relocation, animal monitoring, water condition management, equipment management, and restoration of Cuyutlán Lagoon, thereby establishing full-process control. The project carried out supplementary planting and maintenance at two plant compensation sites, installed drip irrigation systems, and conducted quarterly survival rate surveys. While the minimum required survival rate was 80%, the actual survival rate reached 108.80%, demonstrating the effectiveness of ecological compensation. At the same time, the project undertook the rescue and relocation of flora and fauna, with particular focus on protected, endemic and endangered species, and reduced unnecessary impacts on the ecosystem through continuous supervision and employee training.







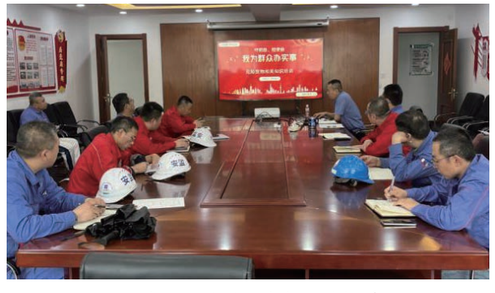




## Environmental Awareness Promotion

The Company has incorporated Xi Jinping Thought on Ecological Civilisation and General Secretary Xi Jinping's important expositions on ecological and environmental protection into key learning content for Party Committee meetings, theoretical study sessions of the central leadership study group, cadre training and Party member education, and has continuously organized study and implementation activities. Each unit has organized special training for all employees in light of actual conditions, using multiple forms such as thematic lectures, centralized study sessions, case-based warnings and knowledge tests to ensure that environmental protection concepts are fully internalised. The learning outcomes have been connected with job responsibilities and daily management, thereby further strengthening employees' awareness of ecological and environmental protection and their sense of responsibility in performing duties.

| | |
|---|---|
| **Establishing a Platform for Environmental Protection Achievement Exchange** | Organising the "Safety and Environmental Protection Paper Competition," collecting a total of 337 papers, selecting 43 outstanding papers, issuing 110 certificates of excellence, and printing nearly 230 copies of the collection of outstanding papers, thereby promoting the sharing of achievements and stimulating the initiative and enthusiasm of cadres and employees in participating in safety and environmental protection work. |
| **Strengthening the Training of Professional Talent** | Organising business personnel to participate in training programmes for energy managers and carbon emissions managers. The Company has nearly 40 personnel engaged in energy and environmental management, of whom 56% are energy managers or carbon emissions managers, thereby enhancing the capability and competence of the professional team. |
| **Conducting Thematic Training in a Systematic Manner** | Organising training around topics such as the establishment of "zero-carbon factories" and special company-wide study on energy conservation and environmental protection, systematically interpreting Xi Jinping Thought on Ecological Civilisation and the *Evaluation Specification for Zero-carbon Factories*. A total of 118 training sessions were organized, with more than 20,000 participant attendances, thereby improving employees' understanding and application capability in relation to evaluation Metrics and implementation pathways. |
| **Deepening Publicity on Energy Conservation and Carbon Reduction** | In conjunction with themed activities such as the 2025 "Energy Conservation Publicity Week" and "National Low Carbon Day," organizing more than 100 thematic training sessions and producing nearly 300 posters, banners and display boards, thereby creating a strong publicity atmosphere and promoting the deep internalisation of energy conservation and carbon reduction concepts. |
| **Environmental Publicity and Education Through Multiple Channels at Multiple Time Points** | Taking occasions such as "June 5 World Environment Day," "April 22 Earth Day" and "National Low Carbon Day" as opportunities, carrying out environmental protection and green low-carbon publicity through channels such as electronic screens, broadcasting and WeChat official accounts, and mobilising employees to practice green production and living approaches. At the same time, related training was conducted on environmental laws and regulations, the Company's environmental protection policies, hazardous waste management, and emergency response plans for sudden environmental incidents. |
| **Promoting Publicity and Education on Water Conservation** | The subsidiaries carried out publicity activities for "World Water Day" and "China Water Week," using forms such as electronic screens, broadcasting and WeChat official accounts to promote water conservation, thereby enhancing awareness of resource scarcity and conservation. |



Hazardous Waste Knowledge Training for Safety Personnel of Boiler Company



Special Work Plan for Investigation and Rectification to Improve Environmental Protection at Boiler Company




Key Issues

- Product Quality and Safety
- Product R&D and Innovation
- Intellectual Property Protection
- Customer Service
- Supply Chain Management
- Responsible Procurement
- Promoting Industry Development

Alignment with the United Nations Sustainable Development Goals




# 03

# Driving Innovation for

## Sustainable Progress


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The Company consistently regards innovation as the primary driving force for development, focuses on its core business of high-end equipment manufacturing, and continuously strengthens its technological innovation capability and industrial support capability. In a complex and rapidly changing market environment, the Company takes an overall view of development, firmly advances the innovation-driven development strategy, promotes the deep integration of technological innovation and industrial innovation, accelerates the cultivation and development of new quality productive forces, and continuously enhances its capacity for high-quality supply and core competitiveness, thereby empowering equipment upgrading through precision manufacturing and leading high-quality development through innovative breakthroughs.

# Enhancing Innovation Effectiveness

## R&D and Innovation System

The Company has strengthened the management of its R&D and innovation system and formulated or revised management policies such as the *Measures for the Application and Approval Management of Major Scientific Research Projects* and the *Guiding Opinions on Further Standardising the Accounting and Statistical Treatment of R&D Expenditures*. These policies regulate R&D activities throughout the full process from project application and approval, process control and project acceptance, thereby providing institutional support for the orderly advancement of technological innovation and consolidating the management foundation for the Company's R&D and innovation work.




The Board of Directors, the Party Committee and the management serve as the decision-making bodies for technology management, while the Leading Group for Technological Innovation serves as the deliberative body for technology management. The office of the Leading Group for Technological Innovation is established within the Innovation and Digitalisation Department. The Innovation and Digitalisation Department is the centralised management department for technological work and is responsible for organizing and coordinating the implementation of technological innovation-related work.

In order to encourage innovation, the Company has continuously improved its technology incentive mechanism. In 2025, the Company invested RMB 2.376 billion in R&D expenditures and granted more than RMB 13.40 million in various technology-related awards, thereby further stimulating the enthusiasm of scientific research personnel and fostering a sound innovation atmosphere.

**Technological Innovation Target:**

By 2030, the Company's overall technological strength and innovation effectiveness will be substantially enhanced, and its position and role in the national innovation system will be significantly elevated.

## Technological Innovation Platforms

### ➢ National-level Enterprise Technology Centre

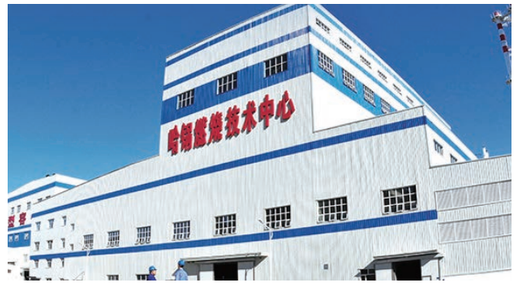



National Enterprise Technology Centre

### ➢ National Key Laboratories




National Key Laboratory of Hydropower Equipment




National Key Laboratory of Low-carbon Thermal Power Generation Technology and Equipment

### ➢ National Engineering (Technology) Research Centres




National Engineering Research Centre for Power Generation Equipment




National Engineering Technology Research Centre for Hydropower Equipment

## Technological Innovation Strength

The Company adheres to the innovation-driven development strategy, continuously improves its technological innovation management mechanisms and platform system development, increases R&D investment, focuses on breakthroughs in key core technologies as well as the application and commercialization of technological achievements. It also promotes the deep integration of the innovation chain with the industrial chain. During the reporting period, the Company maintained a high level of R&D investment, a number of technological achievements received provincial – and ministerial-level awards, and multiple achievements and platforms were included in catalogues of national and industry authorities. This demonstrates the Company's technological accumulation, engineering validation capability and sustained innovation strength in the field of energy equipment, and provides strong support for the Company's high-quality development and green and low-carbon transformation.

| | |
|---|---|
| *SASAC's Catalogue of Recommended Technological Innovation Achievements of Central State-owned Enterprises (2024 Edition)* (3 items) | Coal Chemical Full Heat Recovery Air-cooling Serpentine Tube Heat Transfer Surface Device |
| | Nuclear Power HTR-PM High-temperature Gas-cooled Steam Generator |
| | Comprehensive Life Extension and Upgrading Retrofit System for Russian-made Current-generating Units |
| First Batch of Major Technical Equipment in the Energy Sector (6 items) | 1,000 MPa-grade High-strength Steel Plates and Pressure Steel Pipes for Ultra-high-head Hydropower Stations |
| | 50 MW Supercritical Carbon Dioxide Circulating Power Generation Unit |
| | 1,000 MW 650°C High-efficiency Ultra-supercritical Once-reheat Coal-fired Power Generating Unit |
| | 660 MW Double Intermediate-pressure Cylinder Steam Turbine Ultra-supercritical Multi-level Heat Supply Unit |
| | New-type Wide-load Ultra-efficient Fast-load-adjusting 1,000 MW Once-reheat Coal-fired Power Generating Unit |
| | 660 MW High-efficiency Ultra-supercritical Deep Peak-regulation Unit Firing High-alkali Coal in High-altitude Areas |
| National Energy Administration's "Top Ten Technological Innovation Achievements in the Energy Industry for 2025" (2 items) | 500 MW-class Large Impulse Hydroturbine Generator Unit |
| | 700 MW-class High-efficiency Ultra-supercritical Circulating Fluidised Bed Boiler |
| *NDRC's Catalogue for the Promotion of Green Technologies (2024 Edition)* (1 item) | Technology for the Efficient Resource Utilisation of Industrial Waste Gas in the Metallurgical Sector |
| *SASAC's Catalogue of Open Service Pilot-scale Verification Platforms of Central State-owned Enterprises (2025 Edition)* (2 platforms) | 30 MW Burner Development Pilot-scale Verification Platform |
| | 10 MW Combustion Characteristics Pilot-scale Verification Platform |
| First Batch of Key Pilot-scale Platforms Cultivated by the Ministry of Industry and Information Technology (2 platforms) | Pilot-scale Platform for Large Electromechanical Equipment in Energy Equipment |
| | 30 MW Burner Pilot-scale Platform |

| Project (Achievement) Name | Award Name | Awarding Organisation |
|---|---|---|
| Real-time Simulation Technology and Application for the Fatigue Life of Pressure-bearing Equipment with Complex Structures | Heilongjiang Provincial Science and Technology Progress Award | Heilongjiang Provincial People's Government |
| Deep Peak-regulation Combustion Technology and Application for Coal-fired Power Units Based on the Development of a New Power System | Heilongjiang Provincial Science and Technology Progress Award | Heilongjiang Provincial People's Government |
| Key Technologies for Radioactive Containment in Advanced Pressurised Water Reactor Containment Venting and Their Application | Heilongjiang Provincial Science and Technology Progress Award | Heilongjiang Provincial People's Government |
| Key Technologies and Equipment for the Semi-heat Recovery Waste Boiler Process of Entrained-flow Dry Pulverised Coal Pressurised Gasification in Large-scale Coal Chemical Engineering | Heilongjiang Provincial Science and Technology Progress Award | Heilongjiang Provincial People's Government |
| Development of an Intelligent Operation and Maintenance Technology System for Giant Hydropower Units and Its Industrial Application | Heilongjiang Provincial Science and Technology Progress Award | Heilongjiang Provincial People's Government |
| Key Technologies for Flow Control of Special Aerospace Fluid Machinery and Their Promotional Application | Heilongjiang Provincial Science and Technology Progress Award | Heilongjiang Provincial People's Government |
| Cloud Service Platform for the Design and Development of Complex Electromechanical Products | Heilongjiang Provincial Science and Technology Progress Award | Heilongjiang Provincial People's Government |
| Key Technologies and Applications for Vibration and Noise Prediction, Evaluation and Control of Fluid Conveying Pipeline Systems | Heilongjiang Provincial Science and Technology Progress Award | Heilongjiang Provincial People's Government |



| Project (Achievement) Name | Award Name | Awarding Organisation |
|---|---|---|
| Development and Promotional Application of High-efficiency Parameter Boilers for 660 MW-class Units Firing Ultra-high-moisture Lignite | Heilongjiang Provincial Science and Technology Achievement Transformation Award | Heilongjiang Provincial People's Government |
| High-entropy Solar Absorbing Materials for Tower-type Concentrated Solar Power Generation and Key Technologies for the Localised Manufacturing of Receivers | Gansu Provincial Science and Technology Progress Award | Gansu Provincial People's Government |
| Research on Key Technologies for Combined Heat and Power Retrofitting of In-service 1,000 MW-class Pressurised Water Reactor Nuclear Power Units | Shandong Provincial Science and Technology Progress Award | Shandong Provincial People's Government |
| China Circulator-2A Device System | Sichuan Provincial Science and Technology Progress Award | Sichuan Provincial People's Government |
| Key Technologies, Equipment and Applications for Coordinated and Stable Operation of Giant Hydropower Units with the Grid | Hubei Provincial Science and Technology Progress Award | Hubei Provincial People's Government |
| Key Equipment and Coordinated Control Technologies Supporting Stable Power Transmission from Large-scale New Energy Bases | Qinghai Provincial Science and Technology Award | Qinghai Provincial People's Government |
| Key Technologies and Engineering Applications of the Million-kilowatt Units at Baihetan | China Machinery Industry Science and Technology Progress Award | China Machinery Industry Federation; Chinese Mechanical Engineering Society |
| Development and Application of Complete Equipment for Large Half-speed Saturated Turbine Generator Units for Nuclear Power | China Machinery Industry Science and Technology Progress Award | China Machinery Industry Federation; Chinese Mechanical Engineering Society |
| Development and Application of Steam Turbine Bypass Control Valves for Nuclear Power Units | China Machinery Industry Science and Technology Award – Science and Technology Progress Award | China Machinery Industry Federation; Chinese Mechanical Engineering Society |
| Research and Application of Stamping Geometric Accuracy Control, Welding Deformation and Coating Technologies for Heavy-duty Gas Turbine Components | China Machinery Industry Science and Technology Progress Award | China Machinery Industry Federation; Chinese Mechanical Engineering Society |
| Technology R&D and Engineering Promotion of High-efficiency Supercritical Boilers Firing Low-calorific-value Coal Gas | China Machinery Industry Science and Technology Award | China Machinery Industry Federation; Chinese Mechanical Engineering Society |
| Key Combustion Technologies and Applications for Deep Peak-regulation of Thermal Power Units Oriented to a New Power System | 10th Good Design Award 2025 | Chinese Mechanical Engineering Society |
| Development and Engineering Application of a New-generation Hydroturbine with Ultra-wide Load Range and High Stability | China Electric Power Innovation Award | China Electricity Council |
| Key Technologies and Applications for Intelligent Safety Protection of Large Turbine Generators under Deep Peak-regulation | China Electric Power Innovation Award | China Electricity Council |
| Research and Application of Ultra-low-load Flexible Peak-regulation Technology for Ultra-supercritical Boilers | China Electric Power Innovation Award | China Electricity Council |
| Development and Application of Monoblock Deaerators for Million-kilowatt-class Hualong One Nuclear Power Units | China Electric Power Innovation Award | China Electricity Council |
| Development and Application of Large Turbine Generators for a New Power System | China Electric Power Science and Technology Award | Chinese Society for Electrical Engineering |
| Key Technologies and Applications for High-stability Dual-mode Operation of Power Generation-Synchronous Condensers Adapted to Modern Power Systems | China Electric Power Science and Technology Award | Chinese Society for Electrical Engineering |
| Comprehensive Rehabilitation (Reconstruction) Project of Fengman Hydropower Station | China Electric Power Science and Technology Award | Chinese Society for Electrical Engineering |
| Key Technologies for High-altitude Large-capacity Synchronous Condensers and Their Stable Operation | China Electric Power Science and Technology Award | Chinese Society for Electrical Engineering |
| Deep Peak-regulation Combustion Technology and Application for Coal-fired Power Units Based on the Development of a New Power System | China Electric Power Science and Technology Award | Chinese Society for Electrical Engineering; China Electric Power Science and Technology Awards Office |

| Project (Achievement) Name | Award Name | Awarding Organisation |
|---|---|---|
| Development and Industrialisation of High-efficiency Supercritical Boilers Firing Low-calorific-value Coal Gas from Steel Enterprises | China Electric Power Construction Science and Technology Progress Award | China Electric Power Construction Association |
| Development and Promotional Application of High-efficiency Parameter Boilers for 660 MW-class Units Firing Ultra-high-moisture Lignite | China Electric Power Construction Science and Technology Progress Award | China Electric Power Construction Association |
| Research and Application of Key Technologies for 660 MW High-efficiency Ultra-supercritical Double Reheat Steam Turbines | China Electric Power Construction Science and Technology Progress Award | China Electric Power Construction Association |
| Research on Key Technologies for Flexible Extraction Steam Adjustment with Thermal Reheat in 660 MW Ultra-supercritical Coal-fired Units | China Electric Power Construction Science and Technology Progress Award | China Electric Power Construction Association |
| Research on Key Heating Supply Technologies for Haiyang Nuclear Power Steam Turbines and Their Engineering Application | China Nuclear Energy Association Science and Technology Progress Award | China Nuclear Energy Association |
| Research and Application of Integrated Multi-dimensional Coordinated Technologies for Three-reform Linkage in Domestic Early-stage 1,000 MW Ultra-supercritical Units | Energy Innovation Award – Science and Technology Progress Award of the China Energy Research Society | China Energy Research Society |
| Key Equipment and Coordinated Control Technologies and Applications for Enhancing the Strength of Large-scale New Energy Sending-end Systems | China Electrotechnical Science and Technology Award | China Electrotechnical Society |
| Key Technologies and Applications of Air-cooled Synchronous Condensers with Strong Voltage Support for Enhancing High-proportion New Energy Transmission Capability | China Electrotechnical Science and Technology Award | China Electrotechnical Society |
| Key Technologies for Efficient Conveying and Electrostatic Explosion Protection of Complex Industrial Powders and Their Industrial Application | China Society of Particuology Science and Technology Progress Award | China Society of Particuology |
| Key Technologies and Engineering Application of 400 MW, 700 m-class High-stability Pumped Storage Units | China Construction Enterprise Management Association Science and Technology Progress Award | China Construction Enterprise Management Association |
| Comprehensive Rehabilitation (Reconstruction) Project of Fengman Hydropower Station | China Construction Enterprise Management Association Science and Technology Progress Award | China Construction Enterprise Management Association |
| Research and Application of Key Technologies for Cross-generation Parameter Upgrading of the World's First T-type Boiler Unit | China Installation Association Science and Technology Progress Award | China Installation Association |
| Research and Application of High-efficiency and Safe Operation Technology for Ultra-low-load 660 MW Ultra-supercritical Boilers | China Installation Association Science and Technology Progress Award | China Installation Association |
| Research and Application of Low-load Stable Combustion Upgrading and Retrofitting Technology for Ultra-supercritical T-type Boilers | China Installation Association Science and Technology Progress Award | China Installation Association |
| Development of New Heat-resistant Alloys and Key Forming Technologies and Applications for Precision Tube Preparation | Metallurgical Science and Technology Award | China Iron and Steel Association; Chinese Society for Metals |
| Fundamental Theory of Energy Conversion in Supercritical Carbon Dioxide Boilers, Key Technologies for Equipment Design, Operation Control and Their Application | Boiler Science and Technology Award | China Boiler and Boiler Water Treatment Association |
| Intelligent Rating Technology for Ageing and Damage of High-chromium Martensitic Heat-resistant Steel for Power Station Boilers | Boiler Science and Technology Award | China Boiler and Boiler Water Treatment Association |
| Technology R&D and Engineering Promotion of High-efficiency Supercritical Boilers Firing Low-calorific-value Coal Gas | Boiler Science and Technology Award | China Boiler and Boiler Water Treatment Association |



# Digital and Intelligent Transformation

The Company is guided by digital and intelligent empowerment, and promotes the deep integration of next-generation digital technologies with production, manufacturing, operation and management, so as to foster new growth drivers through digital transformation. The Company regards digital and intelligent transformation as an important strategic task, continuously enhances management informatization and penetrating control capabilities, advances the digital, standardized and intelligent application of production processes, and progressively cultivates intelligent factories, thereby promoting the upgrading of manufacturing models towards higher-end and more intelligent development. At the same time, the Company accelerates the development of intelligent equipment and operation and maintenance service platforms, and expands its digital and intelligent service capabilities and business scope. In parallel, the Company strengthens network and information security protection, improves the cybersecurity protection system, standardizes full-process data management, enhances the level of independent control, and ensures that digital and intelligent transformation advances in a secure, prudent and orderly manner.

The Company has continuously advanced digital and intelligent transformation, promoting the coordinated development of data governance, intelligent manufacturing and "AI+" applications. In terms of data governance, relying on the Harbin Electric industrial data management platform, the Company completed the phased ingestion of data into the data lake on demand, and three subsidiaries obtained Level 3 certification under the Data Management Capability Maturity Assessment Model, thereby continuously consolidating the data foundation and governance capability.

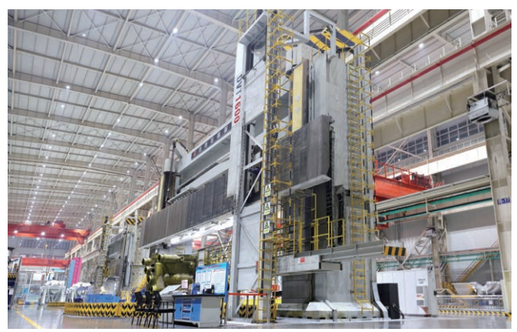
In terms of intelligent manufacturing, the Company accelerated the development of digital scenarios and completed the construction of 5 digital workshops, 4 digital production lines and 15 digital production units, while promoting 5 manufacturing enterprises under its control to complete registration as advanced-level intelligent factories. Among them, Electric Machinery Company was recognised as a national-level exemplary intelligent factory and a benchmark case of digital transformation in manufacturing. Boiler Company, Turbine Company and Electric Machinery Company were all recognised as national 5G factories (Among them, Turbine Company was selected as a typical case of 5G factory application practice in 2025). In addition, 1 national-level intelligent factory, 1 provincial-level intelligent factory and 5 provincial-level digital workshops were implemented, and the level of intelligent development continued to improve.

completed the construction of

- **5** digital workshops
- **4** digital production lines
- **15** digital production units
- **1** national-level intelligent factory
- **1** provincial-level intelligent factory
- **5** provincial-level digital workshops were implemented

In terms of intelligent operation and maintenance and "AI+" applications, the Company released Version 2.0 of the Harbin Electric Smart Power Island Main Equipment Operation and Maintenance System, promoting intelligent practices for equipment in multiple fields such as hydropower and thermal power. At the same time, the Company actively deployed and carried out the "AI+" special initiative, formulated the *Guiding Opinions on Promoting the "AI+" Special Initiative*, and promoted the implementation of high-value application scenarios for "AI+" in areas such as production and operation, R&D and manufacturing, and operation and maintenance services, thereby improving operational efficiency and management effectiveness.





Electric Machinery Company's "Intelligent Factory for Power Generation Equipment Based on Full Life-cycle Management" project was selected as a national-level exemplary intelligent factory. The project established a "1+9+N" digital production architecture and a construction system of "five platforms, one network and one center." With MES as the core, it interconnected PLM, ERP, IoT, SCM and other systems, thereby enabling data-driven operations across the entire chain of sales, design, procurement, manufacturing, shipment and service. In the punching and shearing workshop, fully automated production increased efficiency by 20%. In the control workshop, the welding production line improved efficiency by 40%, with a first-pass inspection acceptance rate of 100%. Multiple intelligent laboratories and digital assembly platforms also improved efficiency simultaneously.



Harbin Electric International innovatively advanced the development of a smart on-site management platform and completed the deployment of the platform at its headquarters and across three pilot projects. The platform enables remote monitoring of safety conditions in key on-site areas and high-risk operation processes, significantly enhancing the effectiveness of risk warning and safety training. The platform was recognised as a First-class Project under the 2025 Second National Innovation Achievement Awards for Engineering Construction Management in the Power Industry, and *China Emergency Management News* listed it as a typical case under the three-year action plan for addressing root causes in central state-owned enterprises, with a dedicated report on its practical value in safety management.










Heavy Equipment Company's information-based work safety management system was fully put into operation, enabling the full online handling of processes such as notification of post-specific safety responsibilities, study of laws, regulations and systems, training, examination and assessment, safety inspection and rectification, hazardous operation approval, pre-shift meeting organization, dynamic management of relevant parties, emergency supplies control, and establishment of occupational health records, thereby providing efficient technical support for safety management.





## Intellectual Property Protection

The Company attaches great importance to the protection and management of intellectual property rights, and has formulated and implemented the *Detailed Rules for Patent Work Management* and the *Implementation Measures for the Transformation and Utilisation of Technological Innovation Achievements such as Patents and Scientific Research Projects*. These documents clarify the work requirements for patent management and achievement transformation, standardize key stages such as patent application, maintenance, and transformation and utilization, and enhance the institutionalized and standardized level of intellectual property management.



In terms of resource support, the Company secured both financial and technical support. In 2025, the Company established a dedicated intellectual property fund covering patent application, maintenance, agency services, incentives, training, and infringement protection, and implemented earmarked use and separate accounting to ensure funding for related work. In terms of technical support, the Company signed the *Data Service Project Contract* to provide domestic and international patent data services to subsidiaries, support patent searches and data analysis, and provide R&D personnel with information support and decision-making references.

In 2025, the Company and its subsidiaries continuously strengthened intellectual property protection and obtained 290 patent authorisations, including 144 invention patents. The Company also released 2 international standards and 49 national and industry standards. At the 50th International Exhibition of Inventions Geneva, the Company achieved an outstanding result of 2 gold medals and 3 silver medals.

obtained **290** patent authorisations, including **144** invention patents

At the 50th International Exhibition of Inventions Geneva, the Company achieved an outstanding result of **2** gold medals and **3** silver medals

| Metrics | Unit | 2025 | 2024 | 2023 |
|---|---|---|---|---|
| Number of Valid Patents per RMB ten thousand of Revenue | item | **0.000888** | 0.001138 | 0.001436 |
| Number of Software Copyrights per RMB ten thousand of Revenue | item | **0.000014** | 0.000015 | 0.000014 |
| Number of Software Copyrights During the reporting period | item | **64** | 56 | 40 |
| Number of Software Copyright Registrations During the reporting period | item | **64** | 56 | 40 |
| Number of Intellectual Property Rights such as Trademarks and Copyrights During the reporting period | item | **73** | 67 | 51 |
| Number of Patent Authorizations During the reporting period | item | **323** | 242 | 331 |
| Number of Approved Trademarks During the reporting period | item | **0** | 0 | 0 |
| Number of Valid Patents During the reporting period | item | **4,058** | 4,359 | 4,117 |

# Product Quality Assurance

## Quality Management System

The Company implements the *Outline for Building a Quality Powerhouse* and has established and standardized the operation of its quality management system in accordance with the requirements of GB/T19001-2016 and HAF003. It has formulated and strictly implemented policies such as the *Detailed Rules for the Management of Quality Improvement Projects,* the *Measures for the Management of Demonstration Power Plants for Quality Branding*, and the *Measures for Quality Cost Management*, thereby promoting the institutionalization and standardization of quality management.

The Company has established a hierarchical quality responsibility system covering the Chairman, the Secretary of the Party Committee, the General Manager, the Deputy Secretary of the Party Committee, the Company leaders in charge of quality work, as well as heads of departments and employees, thereby further reinforcing quality responsibilities at all levels and forming a quality management mechanism featuring vertical alignment and clear accountability.

The Company has formulated and implemented the *Measures for Quality Improvement Project Management*, and establishes annual quality improvement and key tackling projects, concentrates superior resources on resolving typical quality issues, promotes root-cause treatment of recurring and common problems, and continuously improves product quality.

At the same time, the Company continuously improves its quality risk control system, embeds quality risk management into key stages such as design, process and manufacturing, implements full-process and all-round risk identification and control, and enhances the forward-looking nature and effectiveness of quality management.

Quality Management System Certification Certificates:


华信技术检验有限公司
VOUCHING TECHNICAL INSPECTION LTD
环境管理体系认证证书
EMS CERTIFICATE OF REGISTRATION
我公司认定下列组织的环境管理体系
哈尔滨电气动力科贸有限公司
统一社会信用代码 91230199127581148F
注册地址：哈尔滨经开区南岗集中区赣水路 222-3 号；
生产地址：哈尔滨市松北区科技创新城创新一路 1399 号
符合以下标准的要求，特发此证
GB/T24001-2016 idt ISO14001:2015
环境管理体系覆盖范围
国际贸易进口业务（国家限定经营或禁止进口商品和技术除外）
注册号：0424E10161R1M 生效日期：2024-05-09 终止日期：2027-05-08
颁发日期：2024-05-09
IAF CNAS
总经理 President
The effectiveness of this certificate is maintained by annual routine surveillance audits.
扫描全能王 创建


华信技术检验有限公司
VOUCHING TECHNICAL INSPECTION LTD
质量管理体系认证证书
QMS CERTIFICATE OF REGISTRATION
我公司认定下列组织的质量管理体系
哈尔滨电气动力科贸有限公司
统一社会信用代码 91230199127581148F
注册地址：哈尔滨经开区南岗集中区赣水路 222-3 号；
生产地址：哈尔滨市松北区科技创新城创新一路 1399 号
符合以下标准的要求，特发此证
GB/T19001-2016 idt ISO9001:2015
质量管理体系覆盖范围
国际贸易进口业务（国家限定经营或禁止进口商品和技术除外）
注册号：0424Q10160R1M 生效日期：2024-05-09 终止日期：2027-05-08
颁发日期：2024-05-09
IAF CNAS
总经理 President
The effectiveness of this certificate is maintained by annual routine surveillance audits.
扫描全能王 创建

## Building Excellent Quality

The Company continuously strengthens quality management, focuses on the improvement of typical quality issues and breakthroughs in key projects, and promotes the steady improvement of key quality Metrics and the continuous decline of the quality loss rate.

Quality Management Targets Have Been Continuously Enhanced:

| 2023 | 2024 | 2025 |
|---|---|---|
| Quality loss rate within 0.32% | Quality loss rate within 0.30% | Quality loss rate within 0.28% |

### Product Quality Accountability

To effectively ensure product quality, the Company has integrated the requirement of "quality responsibility" throughout the entire production process and continuously strengthened quality awareness among all employees. Adhering to the principle of prevention first, the Company has established and implemented a quality accountability mechanism. In accordance with principles such as strict rewards and penalties and the "four no-let-goes," it carries out timely traceability of quality issues, identifies causes and assigns accountability, promotes closed-loop rectification management, and reduces the risk of recurrence of similar quality issues.

**Quality Responsibility Traceability**

During the product realisation process, the enterprise records and stores information on relevant personnel through product identification, so as to ensure that the source can be verified, the destination can be traced, and accountability can be pursued. When necessary, the relevant responsible parties can be identified efficiently and accurately, ensuring clear responsibilities and a sound basis for investigation and handling.

**Allocation of Quality Responsibilities**

In the event of a quality incident or quality management issue, accountability shall be traced to the specific responsible department and responsible personnel. In accordance with the principle of "focusing on the principal contradiction," the primary responsible department and secondary responsible department shall be clearly identified. Where a quality issue occurs and the responsible department and responsible personnel cannot be determined, the principal leaders and competent leaders of the enterprise shall bear the relevant responsibilities.

**Recovery of Quality Losses**

Where economic losses are caused to the enterprise due to quality issues, economic accountability shall be pursued and assigned level by level to the responsible departments and personnel of the enterprise.

**Lifetime Accountability for Quality**

Responsible personnel involved in quality incidents and quality issues reaching the punishment threshold shall be subject to lifetime accountability, and shall not be exempted from penalties due to job adjustment, reassignment or other such circumstances.

## Product Quality Improvement

The Company continuously advances product quality improvement and has established and standardized the "quality improvement project management process," thereby achieving closed-loop management from project planning and application, approval and initiation, to implementation, process supervision, acceptance and summary. Based on quality statistical analysis, urgency and customer concerns, the Company selects improvement projects, forms project teams to develop improvement plans, comprehensively applies lean tools and problem-solving methods, strengthens process monitoring and phased evaluation, and promotes systematic governance and continuous improvement of quality issues.

| Quality Improvement Project Management Process | |
|---|---|
| Project Application | Quality improvement projects are planned and prepared at the end of each year. |
| Project Approval | The Company approves the applied quality improvement projects in accordance with principles such as necessity based on quality statistical analysis results, strong urgency for the enterprise, and concentration of customer complaints. |
| Project Initiation | After project approval is completed, the Company establishes a project team and formally launches the relevant quality improvement work. |
| Plan Formulation | The project team formulates a reasonable milestone plan for quality improvement. |
| Project Implementation | The project team breaks down the project objectives and organizes implementation. During the process, advanced quality improvement models such as double-zeroing management, Lean Six Sigma, team-oriented problem solving (8D), and Quality Control Circles (QCC) may be applied. |
| Project Monitoring | The Company's quality management department supervises and assesses the execution of project team plans and work quality. The Safety, Environmental Protection and Quality Department conducts phased inspections on the implementation of company-level quality improvement projects on a quarterly basis and at key milestones. Before the end of the last month of each quarter, each project team completes the *Quarterly Quality Improvement Project Implementation Form* and submits an implementation report. Upon completion of the project, the project team promptly applies to the quality management department for acceptance and submits a project summary report. |

In 2025, Heavy Equipment Company applied mature and reliable automatic TOFD inspection technology to the inspection of nuclear power products, thereby strengthening quality inspection capability, improving the efficiency of non-destructive testing, reducing workpiece transfer, shortening the inspection cycle, and ensuring product delivery schedules. During the reporting period, Heavy Equipment Company completed TOFD inspection tasks for 19 product weld seams, reduced transfers of products into radiographic rooms by 19 times, exempted 848 radiographic exposures out of 900 inspection film positions, and achieved a film exemption rate of 94.2%.

the Company completed TOFD inspection tasks for **19** product weld seams, reduced transfers of products into radiographic rooms by **19** times, exempted **848** radiographic exposures out of **900** inspection film positions, and achieved a film exemption rate of **94.2**%



## Quality Enhancement Activities

The Company attaches great importance to quality management. Its subsidiaries have continuously advanced relevant work around the initiative of "quality management led by secretaries at three levels," with a focus on improving work quality and service standards, strengthening lean management capability, and promoting the Company's high-quality development. The Company has gradually formed a quality development framework in which "the secretary takes the lead, the leadership team acts in coordination, and all employees participate together," and, using the "six-category lists" as an instrument, has promoted the implementation of quality management requirements across all levels, stages and positions.




Launch Meeting on Quality Leadership by Secretaries at Three Levels and Quality Revolution Work at Turbine Company

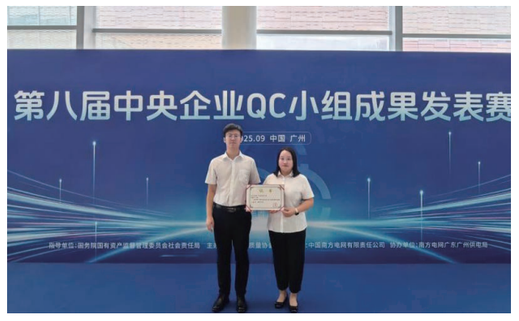



Lean Service – Quality inspection personnel are using an articulated arm coordinate measuring machine to measure the geometric tolerances of motor housings




Task Analysis Meeting on Quality Leadership by Secretaries at Three Levels at Harbin Electric International

## Quality Management Achievements




Boiler Company
Award Received at the 8th Central State-owned Enterprise QC Presentation Competition in Guangzhou in September 2025




Boiler Company
Award Received at the 44th National Machinery Industry QC Presentation Competition in Lanzhou in September 2025




Boiler Company
Award Received at the 3rd Pursuit of Excellence Conference in Beijing in December 2025




Electric Machinery Company
Awarded the Title of "Excellent Enterprise in Measurement Management System"




Electric Machinery Company
Received the Nomination Award of the 5th China Quality Award

# Protection of Customer Rights and Interests

## Customer Service Management

The Company adheres to a customer-centric approach and upholds the service philosophy of "customer-centered and creating value for customers" and "one service, lifelong service." It always takes customer success as the guiding orientation of its work and continuously improves service quality and customer satisfaction.




### After-sales Service

To strengthen the response to customer demands and closed-loop management, the Company has formulated and implemented the *Measures for the Management of Customer Complaints and Quality Information*, explicitly defining "customer focus" and requiring relevant work to be planned and carried out from the customer's perspective, so as to actively meet customers' lawful and reasonable demands and support customer success. The Company has established a 400 customer service complaint hotline, staffed it with dedicated personnel, and implemented an A/B duty mechanism to receive customer complaints and service inquiries in real time and carry out acceptance, handling and follow-up visits, thereby ensuring timely response to issues and effective resolution.

In 2025, the Company received **1** customer complaint, with a **100%** completion rate in handling.

### Customer Satisfaction

As an important component of the quality management system, the Company has simultaneously improved its quality risk control system, implemented risk control across stages such as design, process and manufacturing, and incorporated customer feedback into the improvement closed loop. The Company engages third parties to conduct user satisfaction surveys and evaluations across business segments, fully listens to opinions and suggestions, focuses on issues of customer concern to promote rectification and enhancement, and continuously improves customer satisfaction and service experience.

In 2025, the Company's customer satisfaction rate was **90.54%**.



**Case | Boiler Company Received Letters of Commendation from Project Owners for High-quality Contract Performance**

Boiler Company adheres to a customer-centric approach, strengthens on-site service and full-process quality control, responds rapidly to key milestones and risk points and coordinates in a timely manner, thereby ensuring the high-quality delivery of unit retrofit projects. Its engineering quality and service standards have been recognised by project owners, and during the reporting period it received multiple letters of appreciation and commendation from project owners.

In the high-temperature reheater optimization retrofit project for Unit No. 1 of China Coal Xuancheng Power Generation Co., Ltd., the team faced the challenge of completing the replacement of 95 tube panels and 2,500 weld joints within a 40-day schedule, with narrow welding spaces requiring mirror welding. Under the on-site command of department leaders, the team strengthened overall coordination and supplementary quality control, optimized process linkage, enhanced full-process supervision, and ultimately completed the project on schedule with the hydraulic test passing at the first attempt.

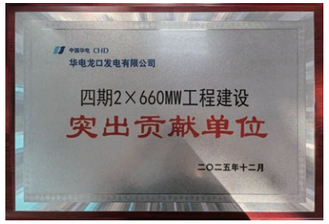
In the final-stage superheater retrofit project for Units No. 1 and No. 2 of Hongshan Thermal Power, facing schedule pressure spanning New Year's Day and the Spring Festival, the service team remained on the front line, promptly identified abnormal hardness in header weld seams, proactively coordinated with third parties for re-testing and verification, clearly explained the causes to the project owner, and proposed solutions, thereby driving the efficient closed-loop resolution of the issue. The project was completed on schedule and with high quality, ensuring the smooth commissioning of the units.




Valve Company Received the "Best Service Award 2025" Presented by Wuxi Huaguang Environmental Energy Group Co., Ltd.



Letter of Appreciation




Boiler Company Received the "Outstanding Contribution" Honour Granted by Huadian Longkou Power Plant

## Customer Privacy Protection

The Company strictly complies with laws and regulations including the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, and the *Cybersecurity Law of the People's Republic of China*, and continuously improves its data security and privacy protection management system.

The Company has formulated and implemented the *Measures for the Protection and Management of Trade Secrets and Work Secrets*, under which important customer information is managed as trade secrets in accordance with the relevant policies. It has also formulated and implemented the *Measures for the Operation and Management of the Customer Relationship Management System*, which clarify information protection measures in the use of the customer relationship management system, require authorised users to keep strictly confidential information such as customer contacts and business opportunities contained in the system, and restrict logins from unauthorised devices through measures such as sending random SMS verification codes to authorised users, thereby strengthening access control and enhancing information security.

In 2025, the Company did not receive any complaints involving customer privacy infringement or loss of customer information, nor did it experience any major data security incidents or customer privacy leakage events.

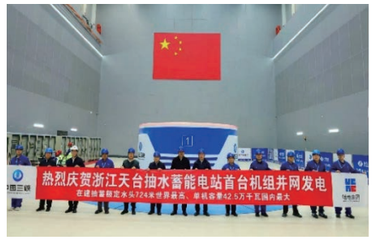
# Leading Industry Development

## Technology Leadership

The Company has continuously carried out research and breakthroughs in key core technologies for energy equipment, coordinated the advancement of original technological breakthroughs and engineering applications, and delivered a continuous stream of major technological achievements. The Company has made a series of landmark advances in areas such as clean and efficient power generation, pumped storage, high-end hydropower manufacturing and new energy storage, with a number of achievements reaching internationally leading levels and entering demonstration operation, thereby continuously promoting technological upgrading of energy equipment and green and low-carbon development.

The world's first 660 MW high-efficiency ultra-supercritical circulating fluidised bed unit developed by the Company has completed one full year of safe and stable operation. Following appraisal and evaluation by authoritative experts, including several academicians of the Chinese Academy of Engineering, the technology of the world's first 660 MW high-efficiency ultra-supercritical circulating fluidised bed boiler was recognised as reaching an "internationally leading level," filling a gap in the global industry and marking a major breakthrough in China's clean power generation technology. The achievement was selected as one of the National Energy Administration's Top Ten Technological Innovation Achievements in the Energy Industry for 2025.






The 425 MW unit for the Zhejiang Tiantai Pumped Storage Power Station independently developed by the Company was commissioned for power generation. It features the highest rated head in the world and the largest single-unit capacity in China, with globally leading performance. The project overcame key challenges such as top cover vibration under high-head pump operating conditions, setting two national records and one world record for pumped storage units.

The Company overcame technical challenges in areas such as the hydraulic performance development of high-performance hydroturbine runners, the development of large martensitic stainless steel hub forgings, and the welding, fabrication and machining of ultra-large impulse turbine runners, and successfully independently developed the world's first impulse turbine runner with the largest single-unit capacity of 500 MW and the largest runner size of 6.23 metres. This once again refreshed the record in the field of high-end hydropower manufacturing, and the achievement was selected as one of the National Energy Administration's Top Ten Technological Innovation Achievements in the Energy Industry for 2025.






The Company independently developed ultra-high-temperature large-capacity compressed $CO_2$ electrothermal energy storage technology, built the world's first megawatt-scale compressed $CO_2$ electrothermal energy storage pilot system, and completed comprehensive experimental verification. It broke through key equipment technology bottlenecks involving $CO_2$ working-medium ultra-high-temperature compressors and expanders. The technology has reached an internationally leading level, has the conditions for engineering application, and was selected as one of the "Top Ten Super Projects of Central State-owned Enterprises in 2025."



## Win-win Cooperation

The Company adheres to the concept of win-win cooperation and actively integrates into the industry's collaborative innovation ecosystem. Through diverse means such as participation in industry association exchanges, engagement in domestic and international exhibitions, university-enterprise cooperation, and joint research among industry, academia and research institutes, the Company brings together innovation resources, strengthens technical collaboration and the transformation of achievements, continuously enhances its capability in tackling key technologies and its level of engineering application, and promotes resonance between technological innovation and industrial development.

Heavy Equipment Company deepened collaborative innovation around the localisation and application of key processes and core materials. During the reporting period, the project "In-machine Inspection Technology for Large Thin-walled Aerospace Components," jointly applied for by Heavy Equipment Company and Yanshan University, was approved as a Hebei Province military-civil integration science and technology innovation project. In addition, the project "Application of Localised Nickel-based Alloy Welding Materials for Double-tungsten Electrode TIG Overlay Welding of Main Equipment in Nuclear Islands," jointly applied for by Heavy Equipment Company and Harbin Weier Welding Co., Ltd., was approved under the 2025 Hebei Province Major Science and Technology Support Programme (Innovation Consortium Special Project), further consolidating key technologies and the supporting capability of the industrial chain.

Based on regional demand and industrial collaboration, Turbine Company has joined hands with domestic new energy enterprises to advance the implementation of compressed air energy storage power station projects in Northeast China. The Company has participated in the optimization of system solutions and equipment structures for multiple projects such as Jineng Baoqing and Shuke Taonan, thereby supporting the development of the regional new energy industry. At the same time, leveraging its technological and geographical advantages, the Company secured core equipment contracts for several major coal-fired power and combined heat and power projects, including the 2×660 MW "relocation from urban area to suburban area" project of Datang Changchun Second Thermal Power Plant. The relevant 350 MW and 660 MW units are well aligned with the heating needs and energy structure transformation requirements of Northeast China, driving coordinated development of the regional industrial chain and serving the comprehensive revitalisation of Northeast China.




Harbin Electric International's Jamshoro Project Signed a Memorandum of Cooperation with the University of Milan






Harbin Electric International's Rya 2 Project Department Conducted Exchange and Study Activities with King Fahd University of Petroleum and Minerals (KFUPM), Saudi Arabia

# Sustainable Supply Chain

In order to build a sustainable supply chain, the Company strictly complies with laws and regulations including the *Tendering and Bidding Law of the People's Republic of China* and the *Regulations for the Implementation of the Tendering and Bidding Law of the People's Republic of China*, and continuously improves its procurement and supply chain governance mechanisms. The Company has formulated and implemented the *Detailed Rules for Supplier Qualification Management*, the *Provisions on Supply Chain Management*, and the *Measures for Procurement Management*, integrating compliance management, quality control, and environmental and safety requirements into supplier admission, procurement implementation, contract performance management and performance evaluation, thereby promoting the standardization, transparency and traceability of supply chain management and enhancing the resilience and sustainable development capability of the supply chain.

| Supplier Management Target | Progress in 2025 |
|---|---|
| Number of supply chain risk incidents in the year: 0 | Number of supply chain risk incidents in the year: 0 |

## Green Procurement

The Company integrates green principles throughout the entire process of procurement and supply chain management, and clearly requires that outsourced and subcontracted entities selected by units at all levels must meet occupational health, safety and environmental protection requirements. The Company promotes the expansion of procurement categories for green raw materials and green products, encourages the procurement of certified energy-saving and environmentally friendly products, and continuously advances the development of a green supply chain management system. 4 enterprises obtained the "Green Supply Chain Management Enterprise" certification issued by the Ministry of Industry and Information Technology. The Company also implements green recycling, optimizes the disposal of obsolete materials, and, relying on resource-concentrated platforms and trading markets, transfers obsolete materials to qualified recycling and treatment enterprises to achieve resource reutilization.

The Company has formulated the Measures for Green and Low-carbon Management, further clarifying green procurement requirements. It has also set out explicit requirements in procurement documents regarding the energy efficiency grades of major energy-consuming products and components, environmentally friendly packaging materials, and other matters. The Company signs safety and environmental protection management agreements with partners to standardize suppliers' environmental protection activities, conducts energy conservation and environmental protection inspections on on-site suppliers, and imposes assessments for violations. In the supplier admission stage, safety and environmental protection are incorporated into the review as evaluation factors.

## Full Life-cycle Supplier Management

The Company has established the *Detailed Rules for Supplier Qualification Management*, strengthened supplier admission review, process control and performance evaluation, and continuously improved the level of supplier management. The Company organizes suppliers to sign the *Integrity Assurance Agreement*, reinforces requirements for integrity in practice and compliance, and reduces business risks. At the same time, relying on the procurement and tendering platform, the Company has improved early warning and interception functions and deepened penetrating management in the procurement field, thereby promoting full life-cycle risk control for suppliers and compliance supervision throughout the entire procurement process.

## Supply Chain Risk Control

The Company treats supply chain security and stability as a risk management target, establishes a risk monitoring mechanism, and regularly carries out supply chain risk identification, assessment and updating, thereby improving the timeliness and effectiveness of risk management. The Company closely monitors changes in the international situation, assesses the risk of supply interruption of imported key raw materials, analyzes market supply and demand trends, calculates safety stock thresholds for key raw materials, and reasonably reserves key raw materials through measures such as signing strategic reserve contracts, implementing advance procurement, and accelerating the promotion of independent controllability, thereby prudently safeguarding supply chain security and stability. During the reporting period, no production stoppage caused by interruptions in raw material supply occurred in 2025.

## Supply Chain Digitalization

The Company continues to implement centralised procurement, conducts in-depth research on materials procured by major manufacturing enterprises, further expands the categories of centrally procured materials to include more production materials and service categories, and has formed a company-level centralised procurement catalogue, thereby promoting the enhancement of centralised procurement management. At the same time, it standardizes processes such as bid evaluation, bid determination and temporary procurement to ensure smooth procurement linkage. The Company continuously advances the digital transformation of the supply chain, achieves "one platform and one network" in tendering, and accelerates the development of warehousing informatization systems, thereby enhancing the traceability and recordability of the full process of procurement, quality inspection, storage and outbound delivery, and strengthening supply chain transparency and quality management capability. The Company also actively promotes the application of artificial intelligence technology in procurement and tendering scenarios, thereby improving the effectiveness of risk warning and compliance control.

During the reporting period, Boiler Company developed an intelligent supply chain management platform, integrated the full supply chain process, and advanced the development of modules such as intelligent control of steel structure subcontracting, control of direct-delivery supporting components to construction sites, client-side project control, and progress control for technical preparation. This enabled the digitalization and transparency of the entire supply chain management process, promoted quantitative internal work management and continuous lean optimization, improved contract fulfilment efficiency and customer satisfaction, and in 2025 was recognised as a "Special-grade Typical Case" for innovation and application in the material supply chain of the power industry by the Power Equipment and Supply Chain Branch of the China Electricity Council.

## Supporting Strategies

The Company actively advances independent controllability. Focusing on key core components and bottleneck links in the industrial chain, it carries out focused research and joint breakthroughs with upstream and downstream suppliers in the industrial chain, thereby promoting the localization rate of certain imported core components. During the reporting period, 11 localization items and 15 application items were achieved in 2025. The Company also vigorously promotes local supporting supply, expands the scope of cooperation with existing suppliers, introduces local enterprises that meet qualification requirements, and leverages its technical and management advantages to support local suppliers in improving their manufacturing and management capabilities through technical cultivation, professional training, technical disclosure and business exchanges, thereby enhancing their market competitiveness and driving coordinated development of the industrial chain.

| Metrics | Unit | 2025 | 2024 | 2023 |
|---|---|---|---|---|
| Number of Events with Major Risks and Impacts in the Supply Chain | item | **0** | 0 | 0 |
| Number of Personnel Involved in Events with Major Risks and Impacts in the Supply Chain | persons | **0** | 0 | 0 |
| Number of Qualified Suppliers | item | **7,876** | 3,787 | 3,530 |
| Number in Mainland China | item | **7,231** | 3,460 | 3,238 |
| Number of Overseas Suppliers | item | **645** | 327 | 292 |

Key Issues

- Employment
- Occupational Health and Safety of Employees
- Employee Development and Training
- Employee Rights and Interests Protection

Alignment with the United Nations Sustainable Development Goals




04

# Prioritizing People for Shared Excellence


- Employee Rights and Interests 66
- Employee Development 68
- Occupational Health and Safety 70


The Company adheres to a people-oriented approach, closely integrating employee development, team building, and corporate growth, continuously consolidating internal momentum to drive high-quality development. The Company respects the value of its employees, pays close attention to their needs, and emphasizes stimulating both talent vitality and organizational vitality, striving to foster a development environment characterized by co-creation, shared benefits, harmony, and progress. By continuously improving mechanisms for talent development, career progression, employee care and protection, and corporate culture building, the Company has brought together a strong collective force of shared purpose and concerted efforts, providing solid support for its steady development and sustainable progress.

# Employee Rights and Interests

The Company adheres to the development philosophy of "empowering people for long-term success and achieving excellence through strength," and effectively safeguards employees' legitimate rights and interests by improving democratic management systems, compensation and incentive mechanisms, and employee welfare systems, thereby enhancing employees' sense of belonging and well-being. The Company actively fosters a diverse, equal, and inclusive employment environment, providing fair opportunities in recruitment, training, and career development. It continuously improves talent development mechanisms, strengthens training empowerment and career pathway construction, and promotes the synchronized growth of employees and the Company.

## Diversity and Equal Opportunity

The Company strictly complies with relevant laws and regulations, including the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, standardizes employment management in accordance with the law, and resolutely prohibits child labor and forced labor. Labor contracts are signed with all employees in accordance with the law, maintaining a 100% labor contract signing rate.

On the basis of lawful and compliant employment practices, the Company upholds the principles of fairness and impartiality, providing equal opportunities in recruitment, promotion, and career development. It does not discriminate against employees on the basis of gender, race, ethnicity, age, disability, or any other factor, and continues to foster a diverse, inclusive, and equitable workplace environment.

| Metrics | Unit | 2025 | 2024 | 2023 |
|---|---|---|---|---|
| Total Number of Employees | Person | **11,487** | 11,415 | 11,283 |
| Number of Male Employees | Person | **9,660** | 9,603 | 9,510 |
| Number of Female Employees | Person | **1,827** | 1,812 | 1,773 |
| Number of Employees with Full-time Labor Contracts | Person | **11,363** | 11,265 | 11,017 |
| Number of Employees on Full-time Secondment | Person | **124** | 140 | 266 |
| Number of Part-time Employees | Person | **0** | 0 | 0 |
| Number of Employees Aged 50 and Above | Person | **2,328** | 2,353 | 2,235 |
| Number of Employees Aged 30 to 50 | Person | **7,089** | 7,256 | 7,367 |
| Number of Employees Aged Below 30 | Person | **2,070** | 1,806 | 1,861 |
| Number of Employees Working in Mainland China | Person | **11,487** | 11,415 | 11,283 |
| Number of Employees Working in Hong Kong, Macao, Taiwan and Overseas | Person | **0** | 0 | 0 |
| Number of Incidents of Penalties for Violations of Laws and Regulations Related to Employee Remuneration and Labor Contracts | Case | **0** | 0 | 0 |
| Number of Incidents of Penalties for Violations of Laws and Regulations Related to Employee Recruitment and Employment | Case | **0** | 0 | 0 |
| Number of Incidents of Penalties for Violations of Laws and Regulations Related to Working Hours and Leave | Case | **0** | 0 | 0 |
| Number of Incidents of Penalties for Violations of Laws and Regulations Related to Promotion and Equal Opportunity | Case | **0** | 0 | 0 |
| Number of Incidents of Penalties for Violations of Laws and Regulations Related to Anti-discrimination and Diversity | Case | **0** | 0 | 0 |

## Compensation and Benefits

The Company has established a relatively comprehensive compensation and performance management system, dynamically adjusting compensation levels based on business performance and individual employee performance, thereby ensuring fairness and incentive effectiveness in compensation distribution. The Company has formulated and implemented the *Measures for Employee Performance Appraisal Management*, linking employee performance with compensation distribution and career development through a scientific and standardized performance evaluation system, thereby fully motivating employees' enthusiasm and creativity.

In terms of working hours management, the Company implements an 8-hour work system and pays overtime in accordance with relevant regulations. Through the formulation of the *Rules for the Implementation of Paid Annual Leave for Employees*, it adopts a combination of unified centralized annual leave, coordinated annual leave arrangements, and flexible individual leave, effectively safeguarding employees' rights to paid leave. In terms of welfare protection, in addition to salaries, the Company contributes to employees' pension, medical, unemployment, work-related injury, and maternity insurance, as well as housing provident funds in accordance with the law. It has also established enterprise annuity and supplementary medical insurance systems, and purchases commercial insurance for employees, continuously enhancing the level of employee protection.

The Company also enhances employees' sense of well-being and belonging through diversified employee care initiatives. For example, it organizes holiday care and support activities, provides financial assistance to employees in need, and offers birthday benefits, recuperation programs, free medical consultations, and first aid training, continuously fostering a supportive and shared development environment. In addition, the Company places great importance on the protection of female employees' rights and interests. Through awareness campaigns, legal knowledge training and competitions, it enhances awareness of rights protection among female employees. It also actively promotes the establishment of care facilities such as "Mother and Baby Care Rooms," and provides health initiatives such as breast and cervical cancer screenings ("two cancers" screening), further improving the protection system for female employees.

### Case | Themed Care Activities for International Women's Day

To celebrate International Women's Day 2025, the labor union of the finance company organized a themed event titled "Her Power, Blooming Brilliance." Through creative activities such as DIY mosaic hydroponic vases, the event enriched the cultural lives of female employees and showcased their creativity and vitality. While conveying festive care and appreciation, the event further strengthened team cohesion and fostered a positive atmosphere of caring for female employees and respecting women's development.





# Employee Development

The Company closely integrates employee growth with corporate development. By improving the training system, facilitating communication channels, and strengthening employee care, it continuously enhances employees' professional capabilities and development opportunities, fosters a proactive and collaborative development environment, and promotes the joint growth of employees and the Company.

## Training and Development

The Company attaches great importance to talent development and actively promotes the implementation of the "1610" talent-strengthening strategy for the new era: "1" refers to improving a comprehensive system, namely strengthening the Party's overall leadership over talent work and establishing a new system under Party-led talent management; "6" refers to deepening six reforms of talent development systems and mechanisms; and "10" refers to implementing ten major talent development initiatives. Centered on three talent groups – technical, managerial, and skilled personnel – the Company continuously improves vertically integrated and horizontally interconnected talent development pathways, promotes a coordinated training mechanism across technical, managerial, and skilled sequences, and enhances innovation capacity and professional competence by building multi-level talent pipelines and facilitating smooth career development channels. Through the implementation of multiple talent development programs and capability enhancement initiatives, the Company transforms talent advantages into innovation and development advantages, providing strong talent support for high-quality development.

**"Three Categories, Three Levels, and Multi-Tier" Talent Development System for the New Era**

- **"Three Categories"** refers to the talent development system comprising three sequences corresponding to the three talent groups: technical, managerial, and skilled sequences.
- **"Three Levels"** refers to industry-leading experts at the headquarters level, leading professionals at the subsidiary level, and key professionals as well as reserve talents at the grassroots unit level.
- **"Multi-Tier"** refers to a multi-level career progression pathway that runs vertically from grassroots units to the Company headquarters, with the highest levels corresponding to the heads of headquarters departments and principal leaders of subsidiaries.

In practice, the Company continuously improves its training system in alignment with industrial development and job requirements, and enhances employees' overall capabilities through various forms of training, including professional skills training, management capability training, safety and compliance training, and on-the-job practical training. In 2025, subsidiaries promoted employee development through thematic training sessions, technical competitions, skills contests, and professional qualification certifications. The Turbine Company organized 167 training sessions throughout the year, achieving a training satisfaction rate of 99%, with training content covering safety education, confidentiality education, and pre-job training, among other areas; the Electric Machinery Company conducted 196 training programs during the year and promoted skill enhancement among frontline employees through independent skill level certification; the Heavy Equipment Company carried out multiple training programs in areas such as equipment operation, safety compliance, and professional skills. By combining external expert instruction with hands-on training, it significantly improved employees' job-related skill levels; the Materials Company conducted 47 training sessions focusing on production safety, laws and regulations, business processes, and digital applications.

| Metrics | Unit | 2025 | 2024 | 2023 |
|---|---|---|---|---|
| Total Number of Employee Training Participations | Person-times | **102,812** | 115,054 | 31,380 |
| Employee Training Coverage Rate | % | **100** | 98 | 98 |
| Total Employee Training Expenditure | RMB ten thousand | **3,954** | 3,284 | 1,007 |



## Communication and Care

### Enhancing Communication Channels and Advancing Democratic Management

The Company adheres to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and conscientiously implements relevant laws and regulations, including the *Constitution of the People's Republic of China*, the *Labor Law of the People's Republic of China*, the *Trade Union Law of the People's Republic of China*, and the *Constitution of the All-China Federation of Trade Unions*. It continuously improves the corporate democratic management system, with the employee representative congress as its primary form, and fully safeguards employees' rights to participate in democratic decision-making, democratic management, and democratic supervision within the enterprise. During the reporting period, the Company regularly convened employee representative congresses to review and approve major proposals, including the Company's annual work report, budget execution, and budget arrangements, and heard reports on proposals submitted by employee representatives, thereby effectively safeguarding employees' legitimate rights and interests.

The Company continuously improves its employee communication mechanisms by establishing channels such as the "Party Secretary Mailbox" and organizing employee representative forums, widely soliciting employee opinions and suggestions and responding promptly to their concerns. Employee representatives actively provide suggestions and recommendations on production and operations, technological innovation, deepening reform, human resources management, and rights protection, contributing wisdom and strength to the Company's high-quality development. Meanwhile, the Company continues to ensure smooth channels for employee expression, safeguarding employees' rights to information, participation, expression, and supervision, and promoting continuous improvement in the level of democratic management.

### Strengthening Employee Care and Fostering a Supportive Environment

The Company places great importance on employee care and continuously enhances employees' sense of well-being and belonging through diversified care initiatives. The Company continuously improves its employee care mechanisms by providing financial care and support in cases such as marriage, childbirth, hospitalization, and the passing of immediate family members, and by offering holiday benefits during traditional festivals such as the Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival. Subsidiaries establishes records for employees in need and organizes "Warmth Delivery" initiatives to provide financial assistance and subsidies. It also contributes to critical illness mutual aid funds for employees, further improving the multi-tiered medical security system.

In addition, subsidiaries actively organize a variety of cultural and sports activities to enrich employees' cultural and recreational lives. The Leasing Company organized activities throughout the year, including Spring Festival gatherings, badminton competitions, employee team-building training, and group movie screenings, thereby enhancing team cohesion; the Turbine Company organized New Year concerts, team cultural performances, and various sports events, with nearly 1,000 employees participating; the Boiler Company organized employee cultural and arts festivals, as well as football, basketball, and table tennis competitions, and continuously improved facilities for cultural and sports activities, creating a positive atmosphere of "happy work and healthy living" for employees.

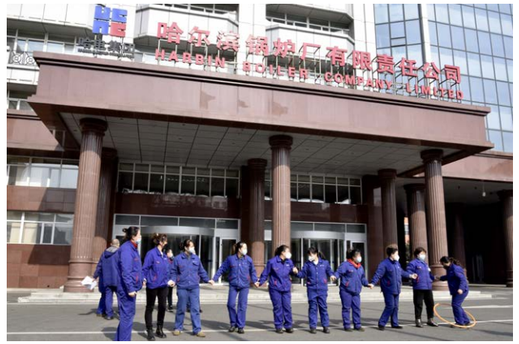









# Occupational Health and Safety






The Company consistently adheres to the principle of "life first and safety foremost," regarding occupational health and workplace safety as a critical foundation for high-quality development. By continuously improving institutional systems, strengthening risk prevention and control, and enhancing employees' safety awareness, the Company steadily builds a systematic and standardized safety management system.

## Occupational Health

The Company continuously improves its occupational health management system, strictly implements relevant laws and regulations including the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and adheres to the principle of "prevention first, combined prevention and control, and comprehensive management." It has formulated the *Regulations on Occupational Health and Safety Management*, focusing on three core tasks: prevention and control of occupational hazards at worksites, employee health protection, and improvement of institutional systems, thereby advancing occupational disease prevention and continuously enhancing employee occupational health protection. Subsidiaries carry out systematic management based on their production characteristics, focusing on occupational disease prevention, improvement of working environments, and health monitoring, thereby continuously deepening occupational health management.

The Turbine Company continuously improves its occupational health management system by monitoring and evaluating occupational hazards such as dust and noise in production operations, and by reducing hazard concentrations through measures such as upgrading ventilation and dust removal systems. It also organizes publicity week activities for the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, conducts occupational health training, and promotes health protection knowledge to enhance employees' awareness of occupational health; the Electric Machinery Company has established a dedicated budget for occupational health, organizes occupational health examinations for employees before employment, during employment, and upon departure, and maintains occupational health monitoring records, achieving a 100% coverage rate for occupational health examinations and health records; the Heavy Equipment Company continuously strengthens occupational health protection measures by organizing regular health examinations and establishing individualized health monitoring records ("one file per person"), ensuring continuous tracking and management of employees' health conditions; the Boiler Company has introduced intelligent dispensing cabinets for personal protective equipment (PPE) and established an integrated management model of "on-site collection + electronic ledger." Employees can independently collect protective equipment according to annual distribution plans, while the system automatically records and ensures traceable data management, further improving PPE management efficiency and occupational safety protection.

During the reporting period, all tasks under the State-owned Assets Supervision and Administration Commission (SASAC) initiative for the "Safety Management Enhancement Year" were completed. No safety liability accidents occurred throughout the year, and the occupational health examination coverage rate reached 100%, with overall safety levels continuously improving.





## Workplace Safety

The Company continuously improves its workplace safety management system by formulating institutional documents such as the *Measures for the Reporting, Investigation, and Handling of Production Safety Accidents* and the *Rules for the Management of Safety Production Expenses*. It enhances mechanisms for risk identification and hazard investigation and remediation, assigns safety responsibilities to all levels of management and employees, and strengthens risk control and employee safety awareness through targeted rectification campaigns, safety training, and emergency drills, thereby providing solid assurance for stable operations and employee safety.

In 2025, subsidiaries continuously advanced the identification and rectification of safety hazards through special initiatives such as the foundational safety improvement campaign and the "Thunder Action." The Turbine Company carried out targeted rectification in key areas such as confined spaces, hazardous chemicals, and fire safety, and enhanced employees' safety awareness through safety education and training; the Heavy Equipment Company continuously improves its workplace safety responsibility system by establishing job-specific safety responsibility lists and risk control registers, and implements graded management of on-site risks. The Valve Company continuously advances the standardization of workplace safety by implementing a three-year foundational safety improvement initiative, strengthening the safety management of facilities and equipment and enhancing risk monitoring, while promoting hazard remediation through leadership-led inspections and incentive mechanisms for hazard reporting; the Materials Company promotes full employee participation in safety management by establishing an internal reward mechanism for reporting accident hazards and strengthens safety culture through activities such as "Safety Production Month."

During the reporting period, the Company identified a total of 2,340 safety hazards and completed rectification of 2,242 cases, achieving a rectification rate of 95.8%. In addition, the Company organized more than 100 emergency drills across its subsidiaries, covering over 4,000 employee participations, continuously improving employees' emergency response capabilities and safety preparedness.

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Key Issues

- Supporting Community Development

Alignment with the United Nations Sustainable Development Goals




05

# Leading with Responsibility for Public Good


- Public Welfare and Charity 74
- Rural Revitalization 75
- Overseas Responsibility 78


The Company adheres to serving national strategies and strengthening its sense of responsibility. Grounded in the mission of advancing national industry, it closely integrates corporate growth with social progress and continuously enhances its capacity to fulfill responsibilities and create value. The Company actively engages in rural revitalization and public welfare initiatives, carrying out practical actions in areas such as industrial support, livelihood care, resource assistance, and social services. It strives to return development achievements to society more broadly, practicing its original commitment to responsibility through concrete actions and advancing corporate responsibility in alignment with the mission of the times for steady and sustainable progress.

# Public Welfare and Charity

The Company remains committed to its mission as a state-owned enterprise, actively fulfilling its social responsibilities and continuously practicing its mission of "giving back to society and benefiting humanity." Adhering to the philosophy of being people-oriented and giving back to society, the Company encourages employees at home and abroad to actively participate in various public welfare activities, such as voluntary blood donation, poverty alleviation, and post-disaster assistance. It promotes the normalization of volunteer services, fosters a culture of broad employee participation, and conveys corporate care through diversified public welfare initiatives, thereby giving back to society through concrete actions.

## Case | Organizing Voluntary Blood Donation Activities to Convey Corporate Care







In May 2025, to actively fulfill its social responsibilities and demonstrate the mission and commitment of a central state-owned enterprise, the Company and its subsidiaries organized voluntary blood donation activities. With "blood fueling life" and "love sustaining hope," a total of 1,122 employees successfully donated blood, with a cumulative volume reaching 256,700 milliliters. The Company has actively fulfilled its social responsibilities by organizing voluntary blood donation activities across its subsidiaries for consecutive years since 2018, with a cumulative total of over 11,190 successful donations and a total blood donation volume exceeding 2.78 million milliliters. These meaningful figures not only demonstrate the Company's strong support for public welfare initiatives but also serve as a vivid reflection of its corporate culture and values.

## Case | Sustained Volunteer Services to Support Special Education Groups




The Heavy Equipment Company organized Party member volunteers to visit a special education school in Qinhuangdao, where they carried out volunteer service activities by delivering daily necessities to students, interacting with teachers and students, and encouraging children to maintain a positive mindset and pursue their dreams with confidence. As one of the Company's long-standing public welfare initiatives, it has conducted volunteer services in special education schools for 17 consecutive years since 2009, continuously providing care and support to students in special education and conveying warmth to society through concrete actions.

## Case | Carrying Forward the Spirit of Lei Feng to Build Better Communities



To promote the spirit of Lei Feng and demonstrate the positive outlook of young employees, the Finance Company organized a themed volunteer service activity titled "Carrying Forward the Spirit of Lei Feng and Building Better Communities." Young employees participated in community activities such as removing illegal advertisements and cleaning public facilities, improving the community environment through practical actions and creating a cleaner and more comfortable living space for residents. These efforts further enhanced employee cohesion and sense of belonging, while fostering a stronger spirit of dedication and social responsibility.



# Rural Revitalization

The Company thoroughly implements the national rural revitalization strategy and regards targeted assistance to Wenshan City in Yunnan Province as a key political task. Based on local resource endowments and industrial foundations, it continues to make sustained efforts in industrial revitalization, talent revitalization, cultural revitalization, ecological revitalization, and organizational revitalization. Through improving assistance mechanisms, increasing financial investment, introducing industrial resources, and strengthening technical support, the Company continuously promotes local industrial development, income growth for residents, and enhancement of rural governance capacity. During the reporting period, the Company convened 4 special deployment meetings, conducted 2 field investigations, and dispatched 2 officials for temporary assignments in villages. It invested 11 million in non-repayable assistance funds and 1.5 million in repayable assistance funds. Additionally, it facilitated the introduction of 200,000 in non-repayable assistance funds and 1.01 billion in repayable assistance funds, and jointly promoted investment attraction totaling 27.41 million, continuously supporting local industrial development and rural revitalization.

| Funding Type | Amount (RMB ten thousand) | Purpose |
|---|---|---|
| Non-repayable Assistance Funds | 1,100 | Used for industrial support and infrastructure development to support local economic growth. |
| Repayable Assistance Funds | 150 | Provided through financing leasing to support the development of Wenshan Dianzhen Mushroom Industry Co., Ltd. in Wenshan City, addressing financing challenges faced by SMEs. |
| Introduced Non-repayable Assistance Funds | 20 | Allocated for the implementation of assistance projects, further supplementing funding sources for rural revitalization. |
| Introduced Repayable Assistance Funds | 101,246 | Primarily used for photovoltaic project development, supporting local green industry growth and energy structure optimization. |
| Coordinated Investment Attraction Amount | 2,741 | Used to facilitate coordinated investment attraction, strengthen local industrial chains, and promote regional industrial development. |

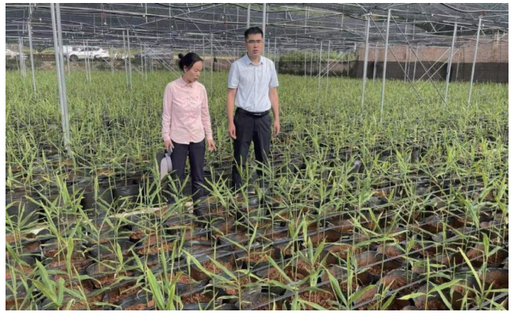
## Industrial Support

The Company regards industrial development as a key driver of rural revitalization. Based on local characteristic agricultural resources and industrial foundations, it promotes quality and efficiency improvement in rural industries through financing support and technical empowerment. Since 2023, the Leasing Company has cumulatively provided 4.45 million in financing lease funds to Wenshan Dianzhen Mushroom Industry Co., Ltd. over three consecutive years, supporting the upgrading of production equipment and improvement of mushroom cultivation facilities, resulting in a 30% increase in output and continuous improvement in industrial scale and intensification. Meanwhile, through the "enterprise + cooperative + farmers" model, it has driven the development of the mushroom industry in surrounding villages, promoting employment and income growth for farmers. The enterprise provided stable employment for approximately 30 local farmers daily, with annual wages of about 2.6 million, effectively expanding income channels for farmers and injecting sustained momentum into local rural industrial revitalization.





In 2025, the Company invested 1.26 million in assistance funds to build a ginger seedling breeding base, innovatively establishing a "village-owned, enterprise-managed" model. By combining collective village asset leasing with professional enterprise operations, it promoted the transformation of the local ginger industry toward standardization and scale. Through the provision of high-quality seedlings, it enabled surrounding farmers to cultivate more than 1,000 mu (Chinese unit of land) of ginger, providing stable technical and seedling support for local industry development.





In addition, the Company actively carries out consumption-based assistance initiatives by tapping into characteristic agricultural products from formerly impoverished areas and expanding procurement channels, thereby promoting rural industrial development and increasing farmers' income. By conducting in-depth research on production areas, selecting high-quality agricultural enterprises, and strengthening quality control, the Company ensures product quality at the source and promotes the transition of consumption-based assistance from short-term procurement to long-term industrial cultivation. In 2025, the Company expanded procurement of agricultural products from formerly impoverished areas by organizing activities such as the "Central SOEs Consumption Assistance Week" and the "Spring Festival Assistance Procurement Campaign," achieving procurement of 13.462 million and facilitating sales of 1.0781 million, effectively boosting local agricultural sales and farmers' income, and injecting sustained momentum into rural revitalization.

achieving procurement of **13.462** million and facilitating sales of **1.0781** million













## Talent Support

The Company focuses on enhancing rural talent capabilities by promoting talent development through training empowerment and practical experience. In 2025, the Company continued to carry out specialized training programs for rural revitalization, training more than 5,300 rural grassroots officials, rural revitalization leaders, and technical professionals, thereby enhancing grassroots governance and industrial development capabilities. Meanwhile, the Company dispatched officials for temporary assignments at the grassroots level to carry out assistance work. Through village-based services and technical guidance, it improved rural governance and cultivated a reserve of professional talent for rural revitalization.

## Cultural Support

The Company continuously strengthens the development of rural cultural and ethical progress by promoting diverse activities to support rural cultural development. In 2025, the Company partnered with Wenshan City to jointly establish 2 Party branches, actively carrying out Party-building co-development initiatives. It also organized youth league members and employees to participate in public welfare activities such as the "Hand in Hand with Love • Fulfilling Small Wishes" program, helping 2,250 local students realize their wishes, and effectively enhancing rural cultural cohesion and the level of social care.

## Ecological Support

While advancing industrial development, the Company actively promotes the improvement of rural ecological environments. Through projects such as agricultural facility upgrades and cold chain infrastructure development, it enhances the processing and storage capacity of agricultural products, reduces resource waste, and promotes the transition of agricultural production toward greener and more intensive practices. At the same time, through industrial projects that drive employment and stabilize income sources, the Company promotes the optimization of agricultural production methods and the improvement of rural ecological environments, achieving coordinated progress between economic development and ecological protection.

## Organizational Support

The Company continuously improves its rural revitalization mechanisms and promotes effective implementation of assistance efforts through Party leadership and organizational coordination. During the reporting period, the Company's Party Committee strengthened overall coordination and deployment, advancing assistance work through special meetings and field research. It also carried out co-construction initiatives with local grassroots Party organizations, forming a coordinated central-local working mechanism for rural revitalization, continuously enhancing the systematic and long-term effectiveness of assistance efforts, and providing strong organizational support for rural revitalization.

# Overseas Responsibility

The Company actively responds to the Belt and Road Initiative (BRI), focusing on its core business while continuously expanding overseas engineering contracting and power equipment markets. During the implementation of overseas projects, the Company integrates project development with local social needs, emphasizes localized operations, respects local cultures and religious customs, and actively participates in community development and public welfare activities in project locations. It continues to play a positive role in improving local living conditions, creating employment, and promoting environmental protection, thereby achieving mutual benefit and harmonious coexistence between corporate development and local communities.

The Company actively responds to the Belt and Road Initiative (BRI) and continues to deepen energy cooperation with countries along the route. It has established extensive cooperation and exchanges with 11 countries and regions participating in the BRI. Leveraging advanced technological capabilities, a professional talent pool, and extensive experience in executing large-scale combined cycle power plant EPC projects, the Company has successfully expanded into key overseas markets in the Middle East, Central Asia, and the Americas. It has ranked among the top 100 of ENR's "Top 250 International Contractors" for consecutive years. By delivering a series of high-quality energy engineering projects, the Company contributes to power infrastructure development and socio-economic progress in BRI countries, continuously enhancing the global influence of "Made in China."

To enhance its international influence, the Company continuously strengthens its international business capabilities, balancing global development with localized operations, improving its overseas management system, and enhancing its global brand value. The Company promotes localized employment management through its overseas subsidiaries and continuously strengthens the localization of international project operations.

## Case | Signing High-Quality International Cooperation Projects in Ekibastuz, Kazakhstan

The Company actively responds to the Belt and Road Initiative (BRI) and continues to advance international energy and power cooperation as well as project development. In 2025, the Turbine Company successfully signed contracts for four international projects, including Unit 2 and Unit 3 of the Ekibastuz Power Plant in Kazakhstan, further expanding its presence in power markets along the BRI. Through high-quality project cooperation, the Company promotes local power infrastructure development and continuously advances international energy cooperation and regional economic growth.



## Case | Commissioning of the First Generating Unit of the San Gabán III Hydropower Project in Peru

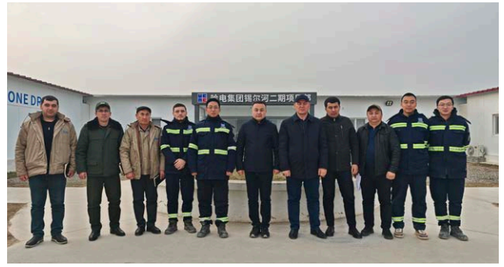
In 2025, the first generating unit of the San Gabán III Hydropower Project in Peru, developed by the Electric Machinery Company, was successfully commissioned and put into operation. This project is the first hydropower project invested in and constructed by a Chinese enterprise in Peru. It is also one of the second batch of early harvest projects under China-Peru production capacity cooperation and has been listed as a key project in Peru's national energy development plan. Upon commissioning, the project will effectively enhance power supply capacity in southern Peru, optimize the local energy structure, and further promote the in-depth development of China-Peru energy cooperation under the Belt and Road Initiative framework.





## Case | Syr Darya Phase II Project in Uzbekistan Supporting Energy Development and Community Co-Building

During the construction of the Syr Darya Phase II combined cycle power plant project in Uzbekistan, the Harbin Electric International actively implemented the Belt and Road Initiative (BRI). By organizing job fairs within local communities and cooperating with local labor service providers to prioritize the employment of local workers, the project created nearly 1,000 direct and indirect job opportunities across ESHS (Environment, Social, Health, and Safety), civil construction, equipment installation, and logistics support, while also providing skills training. In addition, the project actively promoted local procurement, purchasing 50,000 tons of cement, 100,000 tons of sand, 110,000 tons of crushed stone, and 12,000 tons of steel reinforcement from local enterprises, thereby driving the development of related industries such as construction material supply, transportation, and equipment leasing.





## Case | Rumah-2 Project in Saudi Arabia Advancing the Belt and Road Initiative for Energy Cooperation and Livelihood Development

During the construction of the Rumah-2 IPP combined cycle gas-fired power plant project in Saudi Arabia, the Harbin Electric International actively implemented the Belt and Road Initiative (BRI). The project aligns closely with the energy transition objectives of Saudi Vision 2030. By adopting high-efficiency turbine combined cycle (GTCC) power generation technology and reserving conditions for carbon capture and storage (CCS) at the design stage, it promotes optimization of the local energy structure and advances green and low-carbon development. At the same time, the project adheres to compliant operations and localized development. It enhances project governance through measures such as legal compliance training, implementation of compliance review and rectification, and respect for local religious and cultural practices. It also promotes local employment and industrial development through local hiring and localized procurement. As of the end of 2025, the project had signed 39 local procurement contracts with a total effective value of approximately SAR 150 million, ensuring regional energy supply while promoting community development and improving livelihoods.






**Case | Manzanillo Phase III Project in Mexico Promoting Community Co-Building and Cultural Exchange**

During the construction of the Manzanillo Phase III project in Mexico, the International Company proactively established regular communication mechanisms with surrounding community residents to gain an in-depth understanding of their needs in infrastructure and environmental governance. In response to the long-standing issue of domestic wastewater discharge in the area, the project team constructed a wastewater treatment facility tailored to local conditions, with a treatment capacity of up to 36 tons per hour. This effectively alleviated the community's wastewater treatment challenges and significantly improved local environmental sanitation.

During project execution, the Company actively promoted localized management and employee integration by organizing diverse cultural exchange activities to enhance team cohesion. For example, it celebrated important local festivals such as the Day of the Dead and Independence Day together with local employees, and organized various cultural exchange and celebration activities with cumulative participation exceeding 200 attendees. These efforts further strengthened cross-cultural understanding and communication between Chinese and local employees, and enhanced employees' sense of belonging and team collaboration.











# Outlook

Looking ahead, as the global energy transition continues to advance, green and low-carbon development has become the prevailing trend in the industry, bringing new opportunities and challenges to the power equipment sector. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we will uphold our mission of "carrying the hope of national industry and demonstrating the strength of China's power," establish ourselves on a new starting point, seize new opportunities, and steadfastly pursue a path of high-quality development, contributing to national energy strategies through tangible actions and achievements.

In 2026, our focus will be on advancing the green and low-carbon transition by further optimizing the industrial layout, promoting the clean and efficient utilization of traditional energy, and accelerating the large-scale development of new energy to support energy structure optimization and the achievement of the "dual carbon" goals. At the same time, an innovation-driven approach will guide increased investment in core technology R&D, faster digital and intelligent transformation, and the commercialization of technological achievements, thereby strengthening core competitiveness. Efforts will also be made to expand both domestic and international markets, deepen energy cooperation under the Belt and Road Initiative (BRI), and deliver greater value to customers through high-quality equipment and services.

We will continue to actively fulfill the social responsibilities of a central state-owned enterprise by advancing rural revitalization and public welfare initiatives, embedding ESG principles into our development, and promoting green growth. A people-oriented approach will remain central, with a focus on safeguarding employee rights, supporting employee development, and fostering coordinated growth between the Company and its workforce.

At this new stage of development, we will move forward with determination and strive for excellence, with the ambition of building a world-class equipment manufacturing enterprise and becoming both an industry leader and a model of sustainable development. We will contribute "Harbin Electric's strength" to advancing a modern industrial system anchored in advanced manufacturing, promoting high-quality economic and social development, and supporting the building of a community with a shared future for mankind.



# Key Performance Metrics

## Environmental Performance

| Topic | Metrics | Unit | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| Green Innovation | Investment Expenditure in Green Technological Upgrading and Recycling Utilisation | RMB10,000 | 2,500 | 2,800 | **3,004** |
| Greenhouse Gas Emissions | Total Greenhouse Gas Emissions (Mainland China, Market-based) | 10,000 tons of $CO_2$ equivalent | 19.95 | 20.27 | **20.07** |
| | Greenhouse Gas Emissions Intensity (per Unit of Operating Revenue) (Mainland China, Market-based) | tons of $CO_2$ equivalent/ RMB10,000 | 0.0655 | 0.0523 | **0.0436** |
| Energy Consumption | Total Comprehensive Energy Consumption (Mainland China) | tons of standard coal equivalent | 55,600 | 60,525 | **63,566** |
| | Comprehensive Energy Consumption Intensity (Mainland China) (per Unit of Operating Revenue) | tons of standard coal equivalent/ RMB10,000 | 0.0241 | 0.0194 | **0.0165** |
| | Self-generated Renewable Energy Consumption | kWh | 1,140,000 | 2,946,871 | **6,476,000** |
| | Green Electricity Purchased through Green Electricity and Green Certificates | kWh | 7,800,000 | 12,427,100 | **144,590,000** |
| | Natural Gas Consumption (Mainland China) | $m^3$ | 15,860,000 | 18,061,652 | **18,190,371** |
| | Gasoline Consumption of Official Vehicles (Mainland China) | tons | 373 | 311.2 | **271.8** |
| Wastewater Management | Industrial Wastewater Discharge | $m^3$ | 676,200 | 631,775 | **541,534** |
| | Chemical Oxygen Demand (COD) Emissions | tons | 19.2 | 18.95 | **16.49** |
| | Ammonia Nitrogen ($NH_3$-N) Emissions | tons | 0.63 | 0.63 | **0.53** |
| | Wastewater Discharge Compliance Rate | % | 100 | 100 | **100** |
| Waste Gas Management | Nitrogen Oxides ($NO_x$) Emissions | kg | 29,515.70 | 33,577.70 | **34,743.80** |
| | Sulfur Oxides ($SO_x$) Emissions | kg | 28 | 31.9 | **33.9** |
| Waste Management | Total Non-hazardous Waste (by Disposal Method) | tons | 44,200 | 53,500 | **50,299** |
| | Total Hazardous Waste (by Disposal Method) | tons | 1,968 | 2,086 | **2,450** |
| Water Resources Management | Total Water Consumption (by Water Source) | 10,000 tons | 695.43 | 534.68 | **652.38** |
| | Water Consumption by Water Source: Municipal Water Supply | 10,000 tons | 85.99 | 97.68 | **79.62** |

## Social Performance

| Topic | Metrics | Unit | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| Technology Innovation | R&D Expenses as a Percentage of Operating Revenue | % | 5.53 | 4.93 | **5.2** |
| | Proportion of R&D Personnel | % | 25.31 | 24 | **34.98** |
| | R&D Expenditure | RMB100 million | 15.84 | 19.08 | **23.76** |
| | Number of R&D Personnel | persons | 2,895 | 3,260 | **4,018** |
| | Number of Top-tier Talents such as Academicians | persons | 0 | 0 | **0** |
| | Number of Valid Patents per RMB10,000 of Revenue | item | 0.001436 | 0.001138 | **0.000888** |
| | Number of Software Copyrights per RMB10,000 of Revenue | item | 0.000014 | 0.000015 | **0.000014** |
| Intellectual Property Protection | Number of Software Copyright Registrations During the reporting period | item | 40 | 56 | **64** |
| | Number of Registered Software Copyrights During the reporting period | item | 40 | 56 | **64** |
| | Number of Intellectual Property Rights such as Trademarks and Copyrights During the reporting period | item | 51 | 67 | **73** |
| | Number of Patent Authorizations During the reporting period | item | 331 | 242 | **323** |
| | Number of Trademark Authorizations During the reporting period | item | 0 | 0 | **0** |
| | Number of Valid Patents During the reporting period | item | 4,117 | 4,359 | **4,058** |
| Customer Privacy Protection | Number of Substantiated Incidents of Customer Data Leakage, Theft or Loss | item | 0 | 0 | **0** |
| Customer Complaint Handling | Product Quality Complaints | item | 0 | 0 | **0** |
| | Service Complaints | item | 1 | 3 | **1** |
| | Resolution Rate | % | 100 | 100 | **100** |
| | Satisfaction Rate | % | 100 | 100 | **90.54** |
| Supply Chain | Number of Events with Major Risks and Impacts in the Supply Chain | item | 0 | 0 | **0** |
| | Number of Personnel Involved in Events with Major Risks and Impacts in the Supply Chain | persons | 0 | 0 | **0** |
| | Number of Qualified Suppliers | item | 3,530 | 3,787 | **7,876** |
| | Number of Suppliers in Mainland China | item | 3,238 | 3,460 | **7,231** |
| | Number of Overseas Suppliers | item | 292 | 327 | **645** |

| Topic | Metrics | Unit | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| Recruitment and Employment | Total Number of Employees | persons | 11,283 | 11,415 | **11,487** |
| | Number of Male Employees | persons | 9,510 | 9,603 | **9,660** |
| | Number of Female Employees | persons | 1,773 | 1,812 | **1,827** |
| | Number of Full-time Employees under Labour Contracts | persons | 11,017 | 11,265 | **11,363** |
| | Number of Full-time Labour Dispatch Employees | persons | 266 | 140 | **124** |
| | Number of Part-time Employees | persons | 0 | 0 | **0** |
| | Number of Employees Aged Above 50 | persons | 2,235 | 2,353 | **2,328** |
| | Number of Employees Aged 30 to 50 | persons | 7,367 | 7,526 | **7,089** |
| | Number of Employees Aged Below 30 | persons | 1,861 | 1,806 | **2,070** |
| | Number of Employees Working in Mainland China | persons | 11,283 | 11,415 | **11,487** |
| | Number of Employees Working in Hong Kong, Macao, Taiwan and Overseas | persons | 0 | 0 | **0** |
| | Number of Employee Turnover | persons | 103 | 80 | **28** |
| | Number of Male Employee Turnover | persons | 79 | 63 | **23** |
| | Number of Female Employee Turnover | persons | 24 | 17 | **5** |
| | Number of Employee Turnover Aged Above 50 | persons | 2 | 10 | **0** |
| | Number of Employee Turnover Aged 30 to 50 | persons | 70 | 45 | **14** |
| | Number of Employee Turnover Aged Below 30 | persons | 31 | 25 | **14** |
| | Number of Employee Turnover in Mainland China | persons | 103 | 80 | **28** |
| | Number of Employee Turnover in Hong Kong, Macao, Taiwan and Overseas | persons | 0 | 0 | **0** |
| | Number of Employees under Other Downsizing Arrangements (e.g. Early Retirement) | persons | 0 | 10 (Re-employed after Retirement) | **0** |
| | Employee Turnover Rate | % | 0.85 | 0.7 | **0.24** |
| | Male Employee Turnover Rate | % | 0.65 | 0.55 | **0.24** |
| | Female Employee Turnover Rate | % | 0.2 | 0.15 | **0.27** |
| | Employee Turnover Rate Aged Above 50 | % | 0.02 | 0.09 | **0** |
| | Employee Turnover Rate Aged 30 to 50 | % | 0.58 | 0.39 | **0.2** |
| | Employee Turnover Rate Aged Below 30 | % | 0.25 | 0.22 | **0.67** |
| | Employee Turnover Rate in Mainland China | % | 0.85 | 0.7 | **0.2** |
| | Employee Turnover Rate in Hong Kong, Macao, Taiwan and Overseas | % | 0 | 0 | **0** |



| Topic | Metrics | Unit | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| Protection of Employee Rights and Interests | Total Number of Penalty Incidents for Violations of Employment and Labour Laws and Regulations | times | 0 | 0 | **0** |
| | Number of Penalty Incidents for Violations of Laws and Regulations Relating to Recruitment and Dismissal | times | 0 | 0 | **0** |
| | Number of Penalty Incidents for Violations of Laws and Regulations Relating to Working Hours and Leave | times | 0 | 0 | **0** |
| | Number of Penalty Incidents for Violations of Laws and Regulations Relating to Promotion and Equal Opportunity | item | 0 | 0 | **0** |
| | Number of Penalty Incidents for Violations of Laws and Regulations Relating to Discrimination and Diversity | times | 0 | 0 | **0** |
| | Number of Labour Dispute Cases | persons | 0 | 6 | 0 |
| | Number of Separate Employees' Representative Meetings | times | 1 | 1 | **1** |
| | Number of Trade Union Members | persons | 11,017 | 11,415 | **11,363** |
| | Proportion of Employees Who Are Trade Union Members | % | 100 | 100 | **100** |
| | Proportion of Employees Who Died from Work-related Injury | % | 0 | 0 | **0** |
| | Number of Employees Who Died from Work-related Injury | persons | 0 | 0 | **0** |
| Occupational Health and Safety | Number of Employees in Positions with Occupational Disease Risks | persons | 2,698 | 2,566 | **2,446** |
| | Number of Employees Suffering from Occupational Diseases | persons | 0 | 0 | **0** |
| | Lost Days Due to Work-related Injury | days | 230 | 240 | **180** |
| | Total Number of Employee Training Attendances | times | 31,380 | 115,054 | **102,812** |
| | Employee Training Coverage Rate | % | 98 | 98 | **100** |
| | Employee Training Expenditure | RMB10,000 | 1,007 | 3,284 | **3,954** |
| Social Welfare | Percentage of Total Community Public Welfare Investment (by Investment Area) to Operating Revenue | % | 0.08 | 0.03 | **0.03** |
| | Total Community Public Welfare Investment | RMB10,000 | 2,440 | 1,245 | **1,355** |
| | Community Public Welfare Investment (Rural Revitalisation) | RMB10,000 | 2,440 | 1,245 | **1,250** |
| | Charitable Donation Amount | RMB10,000 | 0.64 | 12.8 | **14.7** |

## Governance Performance

| Topic | Metrics | Unit | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| Corporate Governance | Proportion of Female Directors on the Board of Directors | % | 0 | 14 | **14** |
| | Proportion of Independent Non-executive Directors on the Board of Directors | % | 57 | 57 | **57** |
| | Number of Board Members | persons | 7 | 7 | **7** |
| | Number of Female Directors | persons | 0 | 1 | **1** |
| | Number of Independent Non-executive Directors | persons | 4 | 4 | **4** |
| | Number of Executive Directors | persons | 3 | 3 | **3** |
| | Number of Non-executive Directors | persons | 0 | 0 | **0** |
| | Number of Directors Aged Above 50 | persons | 7 | 7 | **7** |
| | Number of Directors Aged 30 to 50 | persons | 0 | 0 | **0** |
| | Number of Directors Aged Below 30 | persons | 0 | 0 | **0** |
| | Average Tenure of Directors | years | 3 | 3 | **3** |
| | Number of Supervisory Committee Members | persons | 4 | 5 | **5** |
| | Number of External Supervisors | persons | 0 | 0 | **0** |

## Economic Performance

| Topic | Metrics | Unit | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| Operating Performance | Operating Revenue | RMB10,000 | 2,884,086 | 3,829,785 | **4,569,792** |
| | Annual Tax Payments of the Company | RMB10,000 | 130,780 | 150,632 | **183,695** |



# Index of Metrics

## Index of Metrics for the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Code

| Mandatory Disclosure Requirements | | | Chapter |
|---|---|---|---|
| Governance Structure | A statement from the board containing the following elements:<br>(i) a disclosure of the board's oversight of ESG issues;<br>(ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and<br>(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. | | Board Statement on ESG Governance |
| Reporting Principles | A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:<br>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.<br>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.<br>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison. | | About This Report |
| Reporting Boundary | A narrative explaining the reporting boundaries of the ESG Report and describing the process used to identify which entities or operations are included in the ESG Report. If there is a change in the scope, the issuer should explain the difference and reason for the change. | | About This Report |

| General Disclosures and KPIs | | | Chapter |
|---|---|---|---|
| A. Environmental | | | |
| Aspect A1: Emissions | General Disclosure<br>Information on:<br>(a) the policies; and<br>(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.<br>Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. | | Climate Change Response<br>Strengthening Pollution Prevention and Control |
| | KPI A1.1 | The types of emissions and respective emissions data. | Climate Change Response<br>Strengthening Pollution Prevention and Control |
| | KPI A1.3 | Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Strengthening Pollution Prevention and Control |
| | KPI A1.4 | Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Strengthening Pollution Prevention and Control |
| | KPI A1.5 | Description of emission target(s) set and steps taken to achieve them. | Climate Change Response |
| | 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. | Strengthening Pollution Prevention and Control |

| General Disclosures and KPIs | | | Chapter |
|---|---|---|---|
| Aspect A2: Use of Resources | General Disclosure<br>Policies on the efficient use of resources, including energy, water and other raw materials.<br>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc. | | Resource Use and Circularity |
| | 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). | Resource Use and Circularity |
| | KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | Resource Use and Circularity |
| | KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | Resource Use and Circularity |
| | 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. | Resource Use and Circularity |
| | KPI A2.5 | Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced. | Resource Use and Circularity |
| Aspect A3: The Environment and Natural Resources | General Disclosure<br>Policies on minimising the issuer's significant impacts on the environment and natural resources. | | Protecting the Green Earth |
| | KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | Protecting the Green Earth |

| B. Social | | | |
|---|---|---|---|
| Aspect B1: Employment | General Disclosure<br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | | Employee Rights and Interests<br>Employee Development |
| | KPI B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | Employee Rights and Interests |
| | KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | Employee Rights and Interests |
| Aspect B2: Health and Safety | General Disclosure<br>Information on:<br>(a) the policies; and<br>(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. | | Occupational Health and Safety |
| | KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | Occupational Health and Safety |
| | KPI B2.2 | Lost days due to work injury. | Occupational Health and Safety |
| | KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | Occupational Health and Safety |



| General Disclosures and KPIs | | | Chapter |
|---|---|---|---|
| Aspect B3: Development and Training | General Disclosure<br>Policies on improving employees' knowledge and skills for discharging duties at work.<br>Description of training activities.<br>Note: Training refers to vocational training. It may include internal and external courses paid by the employer. | | Employee Development |
| | KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | Employee Development |
| | KPI B3.2 | The average training hours completed per employee by gender and employee category. | Employee Development |
| Aspect B4: Labour Standards | General Disclosure<br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | | Employee Rights and Interests |
| | KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | Employee Rights and Interests |
| | KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | Employee Rights and Interests |
| Aspect B5: Supply Chain Management | General Disclosure<br>Policies on managing environmental and social risks of the supply chain. | | Sustainable Supply Chain |
| | KPI B5.1 | Number of suppliers by geographical region. | Sustainable Supply Chain |
| | 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. | Sustainable Supply Chain |
| | KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | Sustainable Supply Chain |
| | KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | Sustainable Supply Chain |
| Aspect B6: Product Responsibility | General Disclosure<br>Information on:<br>(a) the policies; and<br>(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. | | Product Quality Assurance |
| | KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | Product Quality Assurance |
| | KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | Product Quality Assurance |
| | KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | Enhancing Innovation Effectiveness |
| | KPI B6.4 | Description of quality assurance process and recall procedures. | Product Quality Assurance |
| | KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | Protection of Customer Rights and Interests |

| General Disclosures and KPIs | | | Chapter |
|---|---|---|---|
| Aspect B7: Anti-corruption | General Disclosure<br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | | Business Ethics |
| | 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. | Business Ethics |
| | KPI B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | Business Ethics |
| | KPI B7.3 | Description of anti-corruption training provided to directors and staff. | Business Ethics |
| Aspect B8: Community Investment | General Disclosure<br>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. | | Public Welfare and Charity<br>Rural Revitalization<br>Overseas Responsibility |
| | KPI B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | Public Welfare and Charity<br>Rural Revitalization<br>Overseas Responsibility |
| | KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | Public Welfare and Charity<br>Rural Revitalization<br>Overseas Responsibility |

| Part D: Climate-related Disclosures | | | Chapter |
|---|---|---|---|
| Governance | 19(a) | The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climaterelated risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about: | Climate Change Response |
| | 19(b) | The management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: | Climate Change Response |
| Strategy | 20 | Climate-related risks and opportunities | Climate Change Response |
| | 21 | Business model and value chain | Climate Change Response |
| | 22、23 | Strategy and decision-making | Climate Change Response |
| | 24、25 | Financial position, financial performance and cash flows | Financial effects relief from quantification of current and anticipated financial effects |
| | 26 | Climate resilience | Capabilities relief from climate scenario analysis |
| Risk Management | 27 | Risk management | Climate Change Response |



| Part D: Climate-related Disclosures | | | Chapter |
|---|---|---|---|
| Metrics and Targets | 28、29 | Greenhouse gas emissions | Climate Change Response |
| | 30 | Climate-related transition risks | Climate Change Response |
| | 31 | Climate-related physical risks | Climate Change Response |
| | 32 | Climate-related opportunities | Climate Change Response |
| | 33 | Capital deployment | Reasonable information relief |
| | 34 | Internal carbon prices | Not implemented |
| | 35 | Remuneration | Not implemented |
| | 36 | Industry-based metrics | Reasonable information relief |
| | 37-40 | Climate-related targets | Climate Change Response |
| | 41 | Applicability of cross-industry metrics and industry-based metrics | Key Performance Metrics |

## Reference Metrics Index for ESG Special Reports of State-controlled Listed Companies of Central State-owned Enterprises

| Title | | SASAC Guidelines |
|---|---|---|
| Building Foundations for Responsibility | Party Building Leadership Forging the Soul | G1.1 |
| | Standardised Governance | G1.1、G1.2、G3.1、G3.2 |
| | Compliance Management and Internal Control | S4.1、S5.1、G2.1、G5.1、G5.2 |
| | Business Ethics | G2.2、G2.3 |
| Optimizing Resources for Green Development | Climate Change Response | E.3.1、E.3.2、E.3.3、E.3.4、E.5.1、E.5.3 |
| | Environmental Compliance Management | E.5.5、E.5.6 |
| | Strengthening Pollution Prevention and Control | E.2.1、E.2.2、E.2.3 |
| | Resource Use and Circularity | E.1.1、E.1.2、E.1.3、E.1.4、E.5.2、E.5.4 |
| | Protecting the Green Earth | E.4.1、E.5.4 |
| Driving Innovation for Sustainable Progress | Enhancing Innovation Effectiveness | / |
| | Product Quality Assurance | S2.1 |
| | Protection of Customer Rights and Interests | S2.2 |
| | Leading Industry Development | S2.3 |
| | Sustainable Supply Chain | S3.1、S3.2 |
| Prioritizing People for Shared Excellence | Employee Rights and Interests | S1.1、S1.2 |
| | Employee Development | S1.4、S1.5 |
| | Occupational Health and Safety | S1.3 |
| Leading with Responsibility for Public Good | Public Welfare and Charity | S5.2、S5.3 |
| | Rural Revitalization | S5.2、S5.3、S5.4 |
| | Overseas Responsibility | S5.2、S5.3、S5.4 |

# Reader Feedback Form

Dear Reader,

Thank you for taking the time out of your busy schedule to read the *Harbin Electric Company Limited 2025 Environmental, Social and Governance (ESG) Report*. We sincerely welcome your comments and suggestions on this report and our work. Kindly provide your feedback via mail or email. Every valuable suggestion you offer will serve as a driving force for our continuous improvement. Thank you!

1. Which category of stakeholder does your organization belong to in relation to Harbin Electric Company Limited?

☐Internal staff ☐Government/regulatory authorities ☐Shareholders/investors

☐Customers/potential customer ☐Suppliers/business partners ☐Non-governmental organizations (NGOs)

☐Community/general public ☐Others (Please specify)

2. Is the information you are concerned about adequately disclosed in this report?

☐Yes ☐Partially ☐No

3. Your overall evaluation of this report:

*Readability (clear expression, appealing design, engaging content, and ease of locating)

☐3 points (Good) ☐2 points (Average) ☐1 points (Poor)

*Credibility (accuracy and reliability of the information disclosed)

☐3 points (Good) ☐2 points (Average) ☐1 points (Poor)

*Completeness (balanced disclosure of both positive and negative information, meeting your information needs)

☐3 points (Good) ☐2 points (Average) ☐1 points (Poor)

4. Are you able to easily locate the information you are concerned about in this report?

☐Yes ☐Partially ☐No

5. In addition to the information already disclosed, what other information would you like to see in the report?

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# Disclaimer

The information contained in this Report does not constitute any investment advice. Investors should not replace their independent judgment with such information or make decisions solely on the basis of such information. The Company shall not assume any liability for any loss arising from or potentially arising from the use of the information contained in this Report. The information published by the Company is true and accurate. In the event of any inconsistency between this Report and statutory disclosure documents, the statutory disclosure documents shall prevail.

The forward-looking statements contained in this Report are based on forecasts, assumptions or expectations made in light of the Company's current production and operating conditions. During implementation, they may be affected by risk factors and force majeure, and actual results may differ from the assumptions made and the statements contained in this Report.

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