

2025

DONGFANG ELECTRIC CO., LTD
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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Foreword

Governance empowerment, compliance safeguards and steady operations to consolidate the foundation.

The core of corporate governance is the Board of Directors. We continue to enhance the ESG governance capabilities of the Board of Directors and fully respect and protect the legitimate rights and interests of stakeholders; built a diversified and professional director composition, establish a sound governance framework and effective management processes, define clear boundaries of authority and responsibility, and ensure smooth information flow as well as efficient performance and scientific decision-making by the Board of Directors. We have received the highest rating (Grade A) in the information disclosure work of Shanghai Stock Exchange for 11 consecutive years, demonstrating the Company's outstanding performance in standardized operation, information transparency and investor relations management. We further strengthen the development of the "three supervision lines": business supervision, functional supervision and discipline supervision, and promote the in-depth integration of the supervision system and the corporate governance system; embed risk management and compliance requirements into business processes to form a comprehensive and full-process risk prevention and control mechanism, effectively enhance the effectiveness of the internal control system, and lay a solid "foundation" for the steady and long-term development of the enterprise.

Innovation-driven growth, intelligent manufacturing upgrade and technology empowerment accelerate the "dual-carbon" goals.

We adhere to science and technology innovation as the primary driving force and achieve breakthroughs in key core technologies focusing on serving national strategies. The world's first commercial supercritical carbon dioxide power generation unit is successfully put into commercial operation. The world's first 700 MW ultra-supercritical circulating fluidized bed boiler is selected as one of the "2025 Top 10 Super Projects of Central Enterprises". A 26 MW semi-direct-drive offshore wind turbine is connected to the grid for power generation. DEC has fully participated in the construction of the "Hualong One" nuclear power units, achieved breakthroughs in localization and batch supply of multiple key equipment in both nuclear island and conventional island. The 15 MW heavy-duty gas turbine has achieved full-load operation and has pure hydrogen combustion capability. The Company has been continuously shortlisted in the list of Outstanding Enterprises in Science and Technology Innovation among central enterprises. We are committed to smart manufacturing to promote simultaneous improvement in production efficiency and quality. We have actively arranged strategic emerging industries, with sustained growth in investment and continuous green upgrading of the industrial structure.

Value co-creation, shared responsibility and a harmonious ecosystem unite hearts and minds.

We thoroughly implement the strategy of strengthening the enterprise through talents, and advance "one policy for one person" to precisely cultivate the scientific talents, with 7 individuals honored as the national-level key talents; we encourage and support employees in pursuing higher academic degrees and participate

in university-enterprise joint training programs for on-the-job master's and doctoral students. The Company is listed in the "2025 Top 100 Best Employers". We actively support regional coordinated development. The high-altitude wind power industrial base is fully completed and put into use, contributing to the high-quality development of the western region. With a commitment to "national greatness", we invested a total of RMB 25.9606 million in rural revitalization throughout the year, up 3.71% over the previous year. Our targeted assistance efforts have received the highest rating of "Excellent" for five consecutive years, demonstrating our profound responsibility through tangible "three-sincerity" results. We empower the green "Belt and Road Initiative". The Samarkand Photovoltaic Project in Uzbekistan, constructed by DEC, not only supplies electricity to 260,000 households and reduces carbon dioxide emissions by about 230,000 t per year, but also has built a high-quality reserve for the vulnerable Central Asian tortoise in the region. A total of 103 Central Asian tortoises are now thriving in the Oriental Nursery, allowing local people to feel genuine warmth and respect. We have truly won recognition through green development and built consensus through ecological goodwill.

New blueprint unveiled, new journey begins, steadfastly striving for excellence.

The 14th Five-Year Plan has been successfully concluded, and the blueprint for the 15th Five-Year Plan has been drawn up. Looking ahead, DEC will uphold the ESG principles, reinforce its commitment to green development, fulfill its social responsibilities with rigor, and continuously improve a modern corporate governance system with Chinese characteristics. We build a first-class enterprise group with exquisite technologies, sophisticated products, attentive services and lean management, contributing powerful "Dongfang" power to Chinese modernization.

About Us

Company profile

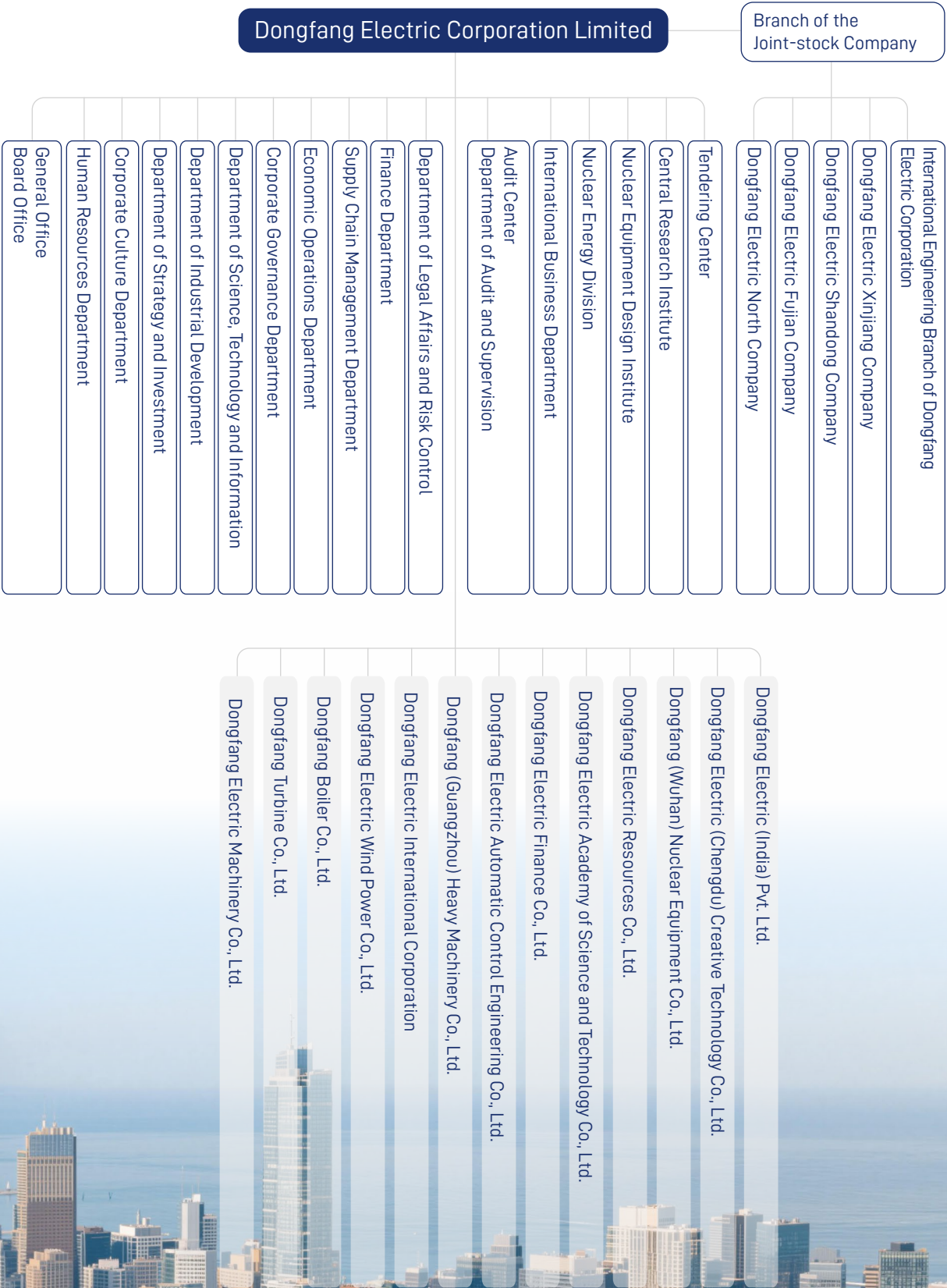
Dongfang Electric Corporation Limited (hereinafter referred to as "DEC"), headquartered in Chengdu, Sichuan Province, is controlled by Dongfang Electric Corporation. Through its development over 60 years, DEC has become one of the largest power generation equipment suppliers and general contractors for power plant projects in the world and has been listed on the Shanghai Stock Exchange (Stock Code: 600875) and the Stock Exchange of Hong Kong (Stock Code: 01072) separately.

DEC, as one of the pioneers in the electric drive era of China, was born in the new China, grew from the three-line construction, developed on the reform and opening up, expanded in the new era, and gave birth to the "Dongqi Spirit". DEC is the "National Team" in energy equipment manufacturing, the "Vanguard" in self-reliance and self-improvement of science and technology, the "Leader" in green and intelligent manufacturing transformation, and the "Promoter" of the valuable "Dongqi Spirit". DEC always upholds the entrustment of President Xi Jinping, stays true to its original intention to serve the country through industry, keeps in mind the mission of manufacturing power, takes "Shape the Future with Green Power" as its duty, insists on self-reliance in science and technology, and implements the new development concept completely, accurately and comprehensively by aiming at the goals of carbon peaking and carbon neutrality, builds an industrial layout of "one core and two wings" with energy equipment manufacturing as the core and manufacturing services and emerging industries as the growth points and accelerates the creation of a boutique group with core competitiveness.

By striving to expand the overseas market and actively participating in the co-built "Belt & Road" initiative, DEC supplies the complete equipment and EPC business in more than 110 countries and regions in the world. Its main markets cover Southeast Asia, South Asia, Central Asia, the Middle East, Europe, Africa, South America and other regions. DEC has been continuously listed among ENR's Top 250 International Contractors since 1994.

DEC, as one of the first groups of innovative enterprises and national technical innovation demonstration enterprises of China, has the State Key Laboratory, the enterprise technology center of National Development and Reform Commission, the national energy large-scale clean and efficient power generation equipment R&D center, the overseas high-level talent innovation and entrepreneurship base, the academician workstation and the postdoctoral research workstation. It has established a market-oriented multi-stage enterprise product development and innovation system to boost the sustainable and stable development of the enterprise, and help the state to build an "innovative country", "manufacturing power" and "digital China".

Organization structure



Corporate culture

DEC "Cohesion · Innovation" Culture

Mission

Shape the Future with Green Power

Vision

Rise to be a Global Electric Powerhouse

Core Value

Value Co-creation for a Shared Prosperity

Spirit

Pragmatism, Creation, Cohesion, Aspiration

Operation Philosophy

Quality, Technology, Branding, Integrity

Management Philosophy

Scientific, Standard, Lean, Efficient

Talent Philosophy

Virtues, Moralities, Action, Determination

Safety Principles

Safety First, Life Supreme

Integrity Principles

Integrity in Unity, Honesty Last Long

Service Principles

24-Hour Service Spirit

Compliance Principles

Regulations-oriented Behavior, Law-observed Governance

About this Report

Introduction

The *Environment, Social, and Governance Report of Dongfang Electric Corporation Limited (2025)* is the 10th environmental, social, and governance report released by Dongfang Electric Corporation Limited since 2017

Reporting scope

This report relates to Dongfang Electric Corporation Limited and its subsidiaries. The disclosure period of the report is from January 1, 2025 to December 31, 2025. Partial information given in this report has been extended to adjacent fiscal years, as required for regulatory disclosure purposes.

All the data come from internal statistics and external documents of Dongfang Electric Corporation Limited Unless otherwise specially indicated, all the financial data are measured in RMB.

Appellation explanation

For ease of expression and reading, "Dongfang Electric Corporation Limited" is called "DEC", "Company" and "We", etc. for short. The subsidiaries mentioned in this report are explained as follows:

"DEC Machinery"	means	Dongfang Electric Machinery Co., Ltd.
"DEC Turbine"	means	Dongfang Turbine Co., Ltd.
"DEC Boiler"	means	Dongfang Boiler Co., Ltd.
"DEC Wind"	means	Dongfang Electric Wind Power Co., Ltd.
"DEC International"	means	Dongfang Electric International Corporation
"DEC Heavy Machinery"	means	Dongfang (Guangzhou) Heavy Machinery Co., Ltd.
"DEC Automation"	means	Dongfang Electric Automatic Control Engineering Co., Ltd.
"DEC Academy"	means	Dongfang Electric Academy of Science and Technology Co., Ltd.
"DEC Resources"	means	Dongfang Electric Resources Co., Ltd.
"DEC Nuclear Equipment"	means	Dongfang (Wuhan) Nuclear Equipment Co., Ltd.

In addition, the Stock Exchange of Hong Kong Limited is referred to as "HKEX", and the Shanghai Stock Exchange is referred to as "SSE".

Release cycle

This report is released annually. The last report was released in April 2025.

Basis of compilation

This report is compiled following Appendix Guideline on *Environmental, Social and Governance Report of the Main Board Listing Rules* published on the *Listing Rules and Guidelines* of the Stock Exchange of Hong Kong Limited (referred to as the "*ESG Reporting Guide*"), as well as the *Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No.14-Sustainability Reporting (for Trial Implementation)* (referred to as the "*Guidelines for Sustainability Reporting*") issued by SSE. It also references the Guidelines on *Guidelines for Sustainable Development Reporting for Chinese Enterprises (CASS-ESG 6.0)*, the Global Reporting Initiative (GRI) *Sustainability Reporting Standards (GRI Standards 2021)*, and the International Financial Reporting Sustainability Disclosure Standards S1 and S2 issued by the International Sustainability Standards Board (ISSB), among other guidelines and standards.

Reliability assurance

The Board of Directors and all the directors of DEC ensure no false record, misleading statement, or material omissions in this report, and they shall bear individual and joint liability for the truthfulness, accuracy, and completeness of its contents. This report is released after being reviewed by DEC's Board of Directors.

Report version

This report is released in an electronic form. When necessary, this report can be available and downloaded on the official website of DEC or the platform designated by the Shanghai Stock Exchange and Stock Exchange of Hong Kong.

Tel: 028-87583666

Fax: 028-87583551

Official website: <https://www.dec-ltd.cn/index.htm>

ESG management

ESG philosophy

We always uphold the philosophy of "value co-creation for a shared prosperity" and adhere to the principle of "the coexistence of driven force and warmth, dreams and responsibilities". While fulfilling our trusted economic responsibilities and injecting robust momentum into economic revitalization, we remain deeply aware of our obligations as a central enterprise and a responsible corporate citizen. Our commitment includes compassionate social responsibility, sustainable environmental stewardship and giving back to the community.

ESG governance

In the process of ESG management and practice, DEC continuously explores the integration of ESG work into strategy, management, and operations and gradually identifies ESG planning management, institutional management, execution management, and external communication. Under the leadership of the Board of Directors, DEC continuously improves its ESG management system, standardizes ESG information disclosure, annually compiles and releases ESG reports, strengthens communication with stakeholders and steadily enhances ESG management practices in accordance with the *Guiding Opinions on High-Standard Fulfillment of Social Responsibilities by Central Enterprises in the New Era* issued by the State-owned Assets Supervision and Administration Commission (SASAC), the *ESG Reporting Guide* of HKEX, and the *Guidelines for Sustainability Reporting* of SSE.

DEC's ESG Governance Framework



Board of Directors

It is the highest leading decision-making body for ESG management work. Its primary responsibilities include reviewing and approving ESG strategic goals, medium- and long-term plans, annual work plans, major issues, management frameworks, and systems.

Strategic Development Committee

Primarily responsible for researching and providing recommendations on ESG-related strategies and major issues, guiding the formulation of ESG strategies, and supervising ESG matters.

The Board Office

Acts as the designated management department for ESG, responsible for coordinating and advancing the deployment of ESG initiatives and overseeing daily ESG management.

Functional Departments

Responsible for implementing the company's ESG strategies and objectives, managing ESG issues relevant to their respective business areas, organizing and executing ESG initiatives, and engaging in communication and collaboration with stakeholders.

ESG communication

Information disclosure:DEC systematically discloses its business information through the preparation and release of periodic reports, including quarterly reports, semi-annual reports, annual reports, and ESG reports. These reports facilitate communication and interaction with investors, helping to maintain robust investor relations. Additionally, the company regularly organizes media briefings and round tables, expanding channels for stakeholders to gain insights into its operations. Since 2017, DEC has released nine ESG reports to regularly disclose the Company's practical achievements in environment, society, and governance to the public.

Communication with stakeholders:DEC places great emphasis on the expectations of its stakeholders. The company continuously establishes and refines communication channels based on stakeholder needs, adopting an open and transparent approach to proactively understand and promptly address their concerns and expectations. DEC is committed to driving sustainable development in the economy, society, and the environment with stakeholders.

Stakeholders	Expectations of the Company	Respond by the Company
 Government	• Observation of national laws and regulations • Provision of service for national macroeconomic regulation • Value preservation and appreciation of state-owned assets	• Subject report • Achievement of production and operation plan • Full-tax payment
 Shareholder	• Improvement of shareholder returns • Standardization of corporate governance • Prevention of operation risks	• Stable operation • Investor exchange conference • Announcement
 Employee	• Employee right protection • Employee career development • Diverse employee activities • Employee safety and health	• Employee representative assembly • Cultural and sports care activities organized by trade unions and youth leagues at all levels • Six major projects for talent cultivation • Health management
 Customer	• Provision of excellent products • Provision of excellent services	• Customer relationship management • Customer discussions and visits • Response to customer complaints
 Environment	• Protection of the ecological environment • Response to climate change	• Promotion of green production • Practice green operation
 Partnership	• Observation of business ethics • Open and fair procurement • Mutual benefit and win-win situation • Common development	• Contract performance • Qualification investigation • Disclosure of procurement information • Negotiation and communication
 Community	• Promotion of community development • Support to social public welfare	• Participation in community activities • Development of public welfare practice • Creation of employee opportunities • Support to rural revitalization

ESG honors

In 2025, DEC's performance in the ESG field was unanimously recognized by domestic and international rating agencies, achieving significant improvements in sustainable development capabilities:



Analysis of material ESG issues

To align with the requirements of the SSE and HKEX, DEC conducted a comprehensive assessment to identify material ESG issues.

DEC's 2025 Material ESG Issues Identification Process		
Step 1: Background research and business analysis to build an ESG issues library		Through research and analysis of major domestic and international sustainability disclosure standards and recommendations, combined with an in- depth understanding of DEC's business structure, 26 potential material issues were identified to form an initial ESG issues library (see below).
Step 2: Issue identification and assessment	2-1 Impact materiality identification	Internal experts and stakeholders jointly assessed from the perspectives of impact and possibility, and recovered over 7,000 valid questionnaires.
	2-2 Financial materiality assessment	Internal and external experts assessed the financial materiality of each issue from two dimensions of the possibility and impact degree of risks and opportunities, with multiple departments reviewing and confirming.
Step 3: Issue materiality matrix		Based on the evaluation data from Step 2, the 2025 Materiality Matrix was developed to determine the priority of ESG issues for the year.
Step 4: Issue disclosure and implementation		Guided by the analysis results, DEC conducted targeted disclosures and implemented practices to address the identified material issues.

ESG issues library

Through consultations with external experts, company department interviews and *the Environmental, Social and Governance (ESG) Management Regulations of Dongfang Electric Corporation Limited*, 26 ESG issues closely related to the Company's operations were identified.

01	Response to climate change	14	Supply chain security
02	Pollutant emissions	15	Equal treatment of SMEs
03	Waste treatment	16	Product and service safety and quality
04	Ecosystem and biodiversity protection	17	Data security and customer privacy protection
05	Environment compliance management	18	Employee
06	Energy utilization	19	Overseas operation
07	Water resource utilization	20	Industry development
08	Recycling economy	21	Due diligence
09	Green production	22	Communication with stakeholders
10	Rural revitalization	23	Anti-commercial bribery and anti-corruption
11	Social contribution	24	Anti-unfair competition
12	Innovation- driven growth	25	Board governance
13	Scientific and technological ethics	26	Compliance management

Material issues matrix



DEC's Dual Materiality Issues Analysis Matrix

Distribution of materiality issues

Through the above steps, DEC identified 6 issues with both financial materiality and impact materiality, 1 issue with only financial materiality, 17 issues with only impact materiality and 2 issue with neither financial materiality nor impact materiality. Among them, the response to climate change, innovation-driven growth, supply chain security, product and service safety and quality, employees, overseas operation and energy utilization have financial materiality. The Company will elaborate on the governance, strategy, risk, impact and opportunity management, indicators and targets of the above issues in the report.

Topics with only financial materiality	▶ Energy utilization	
Topics with only impact materiality	▶ Pollutant emissions ▶ Waste treatment ▶ Ecosystem and biodiversity protection ▶ Environment compliance management ▶ Water resource utilization ▶ Recycling economy ▶ Green production ▶ Rural revitalization ▶ Social contribution	▶ Equal treatment of SMEs ▶ Data security and customer privacy protection ▶ Industry development ▶ Communication with stakeholders ▶ Anti-commercial bribery and anti-corruption ▶ Anti-unfair competition ▶ Board governance ▶ Compliance governance
Topics with both financial materiality and impact materiality	▶ Response to climate change ▶ Innovation- driven growth ▶ Supply chain security	▶ Employee ▶ Product and service safety and quality ▶ Overseas operation
Neither financial materiality nor impact materiality	▶ Scientific and technological ethics ¹ ▶ Due diligence ²	

1: DEC is not involved in scientific research and technological development in the sensitive fields of scientific and technological ethics such as life science and artificial intelligence, and does not involve the disclosure related to technological ethics.

2: Due diligence is an important step in evaluating the importance of corporate issues, and it is not evaluated as an issue.

ESG issue management

To further enhance the disclosure and implementation of ESG issues, the Company has formalized the centralized management of various ESG issues within the *Environmental, Social and Governance (ESG) Management Regulations of Dongfang Electric Corporation Limited*. This initiative lays a governance foundation for improving both the disclosure and practical application levels of ESG issues.

- Board Office**
 Stakeholder communication and board governance
- Human Resources Department**
 Employee relations and development
- Corporate Culture Department**
 Social contribution and rural revitalization
- Department of Strategy and Investment**
 Response to climate change
- Department of Industrial Development**
 Industry development, product and service safety and quality, data security and customer privacy protection
- Department of Science, Technology and Information**
 Innovation-driven growth, data security and customer privacy protection
- Corporate Governance Department**
 Sustainable governance mechanism
- Economic Operations Department**
 Occupational health and safety, environmental compliance management, green production, ecosystem and biodiversity protection, water resource utilization, energy utilization and response to climate change
- Supply Chain Management Department**
 Supply chain safety issues and circular economy initiatives
- Finance Department**
 Equal treatment of SMEs
- Department of Legal Affairs and Risk Control**
 Anti-unfair competition litigation and dispute resolution, compliance management
- International Business Department**
 Overseas operations and international exchanges

Note: The Discipline Inspection and Supervision Team stationed at Dongfang Electric Corporation is responsible for anti-commercial bribery, anti-corruption and other matters.

Honor of responsibility

In 2025, some of the social honors received by the company, its affiliated enterprises are as follows:

Name of achievements	Award name and level	Issuing authority	Award winner
Key Technologies of Supercritical CO ₂ Thermodynamic Conversion	First Prize for Sichuan Provincial Technology Invention Award	People's Government of Sichuan Province	DEC Turbine
Key Technologies and Applications of Baihetan Million-kilowatt Giant Hydro-generator Unit	First Prize for Sichuan Provincial Science and Technology Progress Award	People's Government of Sichuan Province	DEC Machinery
Independent Development and Application of F-class 50MW Heavy-duty Gas Turbine	First Prize for Sichuan Provincial Science and Technology Progress Award	People's Government of Sichuan Province	DEC Turbine
Development of the New-Generation China Circulator Engineering Project	First Prize for Sichuan Provincial Science and Technology Progress Award	People's Government of Sichuan Province	DEC Machinery
Key Technologies, Electrical Equipment and Engineering Applications of Large-scale Renewable Energy for Electrolytic Hydrogen Production	First Prize for Sichuan Provincial Science and Technology Progress Award	People's Government of Sichuan Province	DEC Boiler
Key Technologies for Safe Operation of High-temperature Pressure-bearing Components of Clean and Efficient Ultra-supercritical Thermal Power Units	First Prize for Hubei Provincial Science and Technology Progress Award	People's Government of Hubei Province	DEC Boiler
Development of Multi-component Metal/Ceramic Functional Coatings in Extreme Environments and Their Application in Power Generation Equipment	First Prize for Anhui Provincial Science and Technology Progress Award	People's Government of Anhui Province	DEC Turbine
Key Technologies of Domestic Manufacturing of High Entropy Solar Absorbing Materials and Absorbers for Tower Photothermal Power Generation	First Prize for Gansu Provincial Science and Technology Progress Award	People's Government of Gansu Province	DEC Boiler
Key Technologies and Applications for Low-Carbon and High-Efficiency Energy Utilization of Multi-Source Municipal Solid Waste	First Prize for Qingdao Science and Technology Progress Award	People's Government of Qingdao Municipal	DEC Turbine
Development and Application of Baihetan 1,000 MW Hydro-generator Unit	Special Prize for Mechanical Industry Science and Technology Award	China Machinery Industry Federation	DEC Machinery
Research and Industrialization of Key Technologies for the New-Generation High-Efficiency Collaborative Wind Turbine Pitch System	Second Prize for Sichuan Provincial Science and Technology Progress Award	People's Government of Sichuan Province	DEC Wind DEC Automation
Value Co-creation Mode, Methods and Applications of High-end Energy Equipment Industrial Internet Platform	Second Prize for Sichuan Provincial Science and Technology Progress Award	People's Government of Sichuan Province	DEC Academy DEC Machinery
Nuclear Power Reliability Improvement Technology	Second Prize for Sichuan Provincial Science and Technology Progress Award	People's Government of Sichuan Province	DEC Machinery
Key Technologies and Applications of High-efficiency Turbine Power Equipment Flow Passage	Third Prize for Sichuan Provincial Science and Technology Progress Award	People's Government of Sichuan Province	DEC Turbine
Key Technologies and Applications of Smart Wind Power System for Real-time Safety and Precision Operation and Maintenance of Wind Turbines	Third Prize for Sichuan Provincial Science and Technology Progress Award	People's Government of Sichuan Province	DEC Wind
Key Technologies and Applications of Ultra-high Altitude Wind Turbines	Third Prize for Sichuan Provincial Science and Technology Progress Award	People's Government of Sichuan Province	DEC Wind
Key Technologies and Applications of 10 MW CO ₂ Energy Storage Equipment	Excellence Award for Central Enterprises Yixing Innovation and Creativity Competition	State-owned Assets Supervision and Administration Commission of the State Council	DEC Turbine

Special
Responsibility
Report

Empowering "Dual-Carbon" Goals with Technology, Fostering the New Green Energy Ecosystem via Intelligent Manufacturing



DEC focuses on the "dual-carbon" goals, achieving multiple "world-first" technological breakthroughs in deep-sea floating wind turbines, key nuclear power equipment, hydrogen energy technology, energy storage and other fields. Through the construction of a self-controlled industrial chain, DEC effectively supports national energy security and green transformation, contributing a systematic solution with Chinese characteristics to the optimization of global energy structure.

Historic Leap in the Commercial Application of Cutting-Edge Technologies

DEC focuses on breakthroughs in key core technologies. The world's first commercial supercritical carbon dioxide power generation unit has successfully entered commercial operation, achieving 100% self-control of core equipment and completing the critical leap from theoretical research to commercial application.



World's First Commercial Supercritical Carbon Dioxide Power Generation Unit "Super Carbon One"

The world's first commercial supercritical carbon dioxide power generation unit, "Super Carbon One", has successfully entered commercial operation. The compressor and turbine independently developed by the Company have achieved 100% localization. This technology has revolutionized the "boiling water" power generation mode that has persisted for two centuries, significantly reducing equipment size and making it widely applicable in fields such as steel, solar thermal power generation and molten salt energy storage.

Continuous Breakthroughs in Wind Power Technology, Leading from Plateaus to Deep Seas

During the reporting period, DEC developed the world's largest 26MW semi-direct-drive offshore wind turbine, which was connected to the grid. The 17MW direct-drive floating offshore wind turbine was rolled off the production line. The world's highest-altitude wind power project (5,370 m) was completed and put into operation, breaking through key technologies for high-altitude and deep-sea applications.

The world's largest 26MW offshore wind turbine independently developed by DEC has been successfully connected to the grid at the Shandong Dongying Wind Power Equipment Testing and Certification Innovation Base. The annual power generation of a single unit can reach 100 million kWh, which meets the electricity demand of 55,000 households throughout the year, equivalent to reducing carbon dioxide emissions by over 80,000 tons.



26MW Offshore Wind Turbine

The world's largest 17MW direct-drive floating offshore wind turbine with the largest single-unit power and rotor diameter in the world, jointly developed by DEC and China Huaneng, has successfully rolled off the production line in Fuqing City, Fujian Province. With a rotor diameter of 262 m, the turbine can withstand super typhoons up to Category 17, and all key components have achieved domestic production.



17MW Direct-Drive Floating Offshore Wind Turbine

Marking a New Milestone in Clean Coal Power Technology

The world's first 700MW ultra-supercritical circulating fluidized bed coal-fired generator unit, developed by DEC, has been successfully connected to the grid at the Yuneng Honghe Power Plant and officially entered the trial operation stage, marking a major breakthrough in the field of clean coal power technology in China. The project utilizes three main equipment systems independently developed by DEC: boiler, steam turbine and generator. Among them, the world's first 700MW ultra-supercritical circulating fluidized bed boiler was selected as one of the "Top Ten Super Projects of Central Enterprises in 2025".



The world's first 700MW ultra-supercritical circulating fluidized bed boiler has officially been put into operation, becoming the largest stable power supply support point in southern Yunnan

Independent Control of Nuclear Power Equipment, Forging National Heavyweights

DEC has fully participated in the construction of the "Hualong One" nuclear power units, achieved breakthroughs in localization and batch supply of multiple key equipment in both nuclear island and conventional island, and continuously solidified its leading position in nuclear power equipment manufacturing.

Responsibility Performance

The Company provides core equipment for Unit 1 of Guangdong Taipingling Nuclear Power Station and Unit 1 of Zhejiang San'ao Nuclear Power Station,

with a **100%** first-time qualification rate for key processes. After two units are put into commercial operation,

it is estimated that each unit can provide nearly **10** billion kWh of clean electricity each year,

reducing carbon dioxide emissions by **9.24** million tons.

Gas-Electricity Breakthrough Manufacturing Technology Paves the Way for a New Green Track

The first 15MW pure hydrogen gas turbine independently developed by DEC has achieved dual breakthroughs in "zero-carbon combustion + stable and high efficiency", marking China's entry into the global first tier in hydrogen energy applications and contributing a "Chinese solution" to the world's zero-carbon transformation.



DEC Turbine Released a Fully Independent and Controllable F-Class 15MW Pure Hydrogen Heavy-Duty Gas Turbine (G15H)

The first 15MW pure hydrogen gas turbine (G15H) officially debuted, overcoming three major industry challenges: high-temperature nitrogen control, flashback prevention and oscillation suppression, and filling the technical gap in the field of hydrogen energy equipment in China.

Energy Storage Technology Accelerates Iteration to Seize New Tracks

DEC's self-developed grid-forming PCS energy storage converter achieves the first-unit application, overcomes key technologies such as virtual synchronous machine operation, multi-unit parallel load sharing, strong/weak grid adaptability and smooth on-grid/off-grid switching control, and promotes the transformation of converters from traditional "grid follower" to "grid builder".

The first unit demonstrates application at the Fujian Green Hydrogen Pilot Base, which effectively supports stable operation of high-proportion distributed new energy grids and achieves green, efficient and stable hydrogen production. This marks the leading technological advantages in future energy storage and new power systems, and provides critical equipment support and exemplary engineering practice for building a "dual-high" new power system.



Self-Developed Grid-Forming PCS Energy Storage Converter Achieves the First-Unit Application

Environment

Exploring New Paths for "Carbon" to Create Green Momentum

DEC consistently integrates green development concepts into corporate DNA, comprehensively deepens green operation and ecological protection, strictly adheres to environmental compliance baselines, strengthens biodiversity protection networks, actively innovates the resource utilization mode, explores energy-saving potential, builds a circular economy industrial chain, maximizes the energy resource efficiency, proactively enhances climate response and risk management, and implements "dual-carbon" goals throughout production and operation processes.

Deepening Green Operation and Ecological Protection

23

Environment compliance management Pollutant emissions
Waste treatment Green production Ecosystem and biodiversity protection

Innovative resource utilization and circular development

29

Energy utilization Water resource utilization Recycling economy

Strengthening climate response and risk management

35

Response to climate change

UN's Sustainable Development Goals (SDGs)



Deepening Green Operation and Ecological Protection

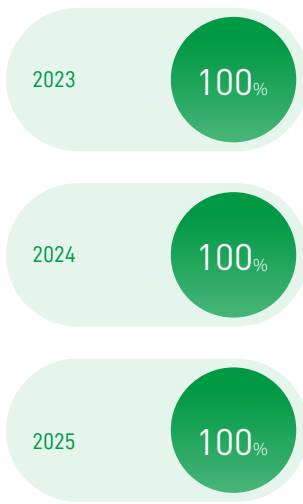
DEC builds comprehensive environmental safety barriers by strengthening environmental compliance management, implements the concept of green and low carbon through the whole manufacturing process, vigorously promotes clean production, and engages in biodiversity protection practices to create an environmentally friendly enterprise.



Environment compliance management

DEC continuously improves the environmental management system, strictly implements the requirements of various environmental protection laws and regulations, and deepens environmental protection publicity and education. In 2025, the Company and its affiliated enterprises maintain a good record of environmental compliance, with no major environmental emergencies or energy conservation violations occurred throughout the year.

ISO 14001 certification coverage



DEC Environmental Management System Certification

Environmental management

DEC establishes a sound environmental management system, and the Economic Operations Department, as the designated management department for environmental affairs, is responsible for the overall coordination of environmental management in the whole company. The Company has formulated institutional documents such as *the "14th Five-Year Plan" for Ecological Environmental Protection, the Carbon Peaking Action Plan, the Energy Conservation and Environmental Protection Supervision and Management Regulations and the Implementation Measures for Safety and Environmental Protection Awards* to form institutional norms covering the whole process of environmental protection, strengthen process supervision and accountability, and promote the systematic and standardized operation of environmental management.

During the reporting period, 7 production enterprises of the Company held valid ISO 14001 certification, strictly adhered to the international standard certification cycle of "annual supervision and three-year review", and dynamically carried out supervision and re-certification audit of the environmental management system to ensure that the environmental management system was always in a state of control and continuous improvement.

Environmental protection emergency management

The Company integrates sudden environmental incidents into its *Comprehensive Plan for Production Safety Accidents*, initiates corporate-level emergency preparedness and response plans based on incident severity, and organizes emergency drills regularly to ensure the emergency response capabilities. Meanwhile, in compliance with environmental protection laws, regulations, and environmental management system requirements, the company dynamically identifies significant environmental factors, maintains a list of key pollution sources, and continuously enhances risk control measures. Supervision and inspection has been adopted to ensure the effective implementation of these measures.

During the reporting period, the environmental protection supervision was carried out on 7 key internal sewage units, addressing a total of 65 ecological and environmental risks. A risk inspection checklist with 111 items was developed based on practical needs, and the special investigation and rectification for environmental protection improvement was carried out in depth.

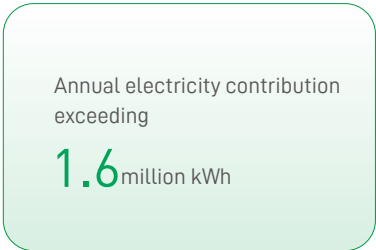
Environmental protection publicity and education

DEC leverages key events such as National Ecology Day, June 5 World Environment Day, National Energy Conservation Week and National Low-Carbon Day, to develop specialized activity plans and conduct extensive green and low-carbon education campaigns. Using internal networks, WeChat, video platforms, and other media, the company organizes online and offline promotional activities tailored to its corporate identity. These initiatives widely disseminate green development concepts and energy-saving and environmental protection knowledge, enhancing employees' awareness of resource conservation and environmental protection. The goal is to foster a production and lifestyle characterized by simplicity, moderation, green and low-carbon practices, and civilized health.

Indicator	Unit	2023	2024	2025
Environmental protection training coverage	%	100	100	100
Environmental protection training participants	Person	373,259	184,034	163,775
Environmental protection investment funds	RMB 10,000	6,251	5,855	4,096



2025 Safety, Environmental Protection and Dual-Carbon Capability Enhancement Training Program Organized 2025 World Environment Day Activities



Green office

The Company actively explores the development of circular economy and widely promotes green and low-carbon publicity and education. Leveraging occasions such as World Environment Day, Energy Conservation Week and National Low-Carbon Day, the Company utilizes various media platforms, including the corporate intranet, WeChat and video platforms, to conduct online and offline publicity activities, fostering a green culture within the Company.

Pollutant emissions

DEC strictly abides by *the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and other laws and regulations, establishes and improves the pollution source identification and classification control mechanism, organizes enterprises to systematically identify and scientifically assess the environmental risk level, and formulates differentiated pollution prevention and control measures according to *the Technical Guidelines for Formulating Emergency Emission Reduction Measures for Key Polluting Industries during Heavy Pollution Weather (2020 Edition)* issued by the Ministry of Ecological Environment. During the reporting period, the Company identified 36 significant environmental factors, issued a list of key environmental factors, and defined the primary responsible units for each pollution source, key preventive measures and control requirements to ensure targeted pollution prevention efforts. During the reporting period, 6 major enterprises in Sichuan were recognized as Level B environmental performance enterprises.

Waste water

The Company establishes and improves the wastewater management system, and implements classified collection and separate treatment of production wastewater and domestic sewage. The production wastewater is discharged or reused after being treated by the sewage treatment facilities in the factory, and the domestic sewage is discharged into the municipal sewage network after being treated. The Company regularly monitors the wastewater discharge outlets to ensure that all pollutant indicators comply with national and local discharge standards.

Indicator	Unit	2023	2024	2025
Total wastewater discharge	10,000 tons	134.60	127.50	132.20
Density of waste water emission	Ton/RMB 10,000	0.2218	0.1827	0.1681
Production intensity of wastewater discharge	10,000 tons/10,000 kW power generation equipment output	0.0305	0.0219	0.0165
Ammonia nitrogen emission	Ton	66.90	65.80	65.40
Economic intensity of ammonia nitrogen emission	Ton/RMB 10,000	0.00001	0.000009	0.000008
Production intensity of ammonia nitrogen emission	Tons/10,000 kW power generation equipment output	0.0152	0.0113	0.0082
COD emission	Ton	274.70	270.60	269.00
Economic intensity of COD emission	Ton/RMB 10,000	0.000045	0.000039	0.000034
Production intensity of COD emission	Tons/10,000 kW power generation equipment output	0.0623	0.0466	0.0337

Waste gas

The Company adopts a management strategy combining source control and end-of-pipe treatment for waste gas generated during production. For major waste gas pollution sources, the pollution control facilities such as high-efficiency dust removal, desulfurization and denitrification are installed to ensure compliant emissions.

Indicator	Unit	2023	2024	2025
SO ₂ emission	Ton	159.40	160.80	161.90
Economic intensity of sulfur dioxide emission	Ton/RMB 10,000	0.000026	0.000023	0.000021
Production intensity of sulfur dioxide emission	Tons/10,000 kW power generation equipment output	0.0361	0.0277	0.0203
VOC emission	Ton	15.80	16.50	16.70
Production intensity of VOC emissions	Tons/10,000 kW power generation equipment output	0.00358	0.00284	0.00209
NO _x emission	Ton	276.30	265.30	263.50
Economic intensity of nitrogen oxide emission	Ton/RMB 10,000	0.000046	0.000038	0.000034
Production intensity of nitrogen oxide emission	Tons/10,000 kW power generation equipment output	0.0626	0.0457	0.033

Promoting Environmental Protection Upgrading and Enhancement for Key Processes

In 2025, DEC continued to advance environmental performance upgrades, promoted the source substitution of toxic and hazardous materials for production enterprises involved in volatile organic compounds (VOCs) emissions, and actively replaced oil-based paints with water-based paints. Among them, DEC Machinery has extensively implemented high-efficiency treatment processes such as "activated carbon adsorption + catalytic combustion", reducing VOCs emissions by 40% year-on-year across all monitoring points. The Company also adopted industry-leading technologies like tall-building displacement ventilation system and welding fume collection and purification device, achieving over 90% capture rate for welding fumes.

Waste treatment

DEC builds a whole-process waste management system, strictly implements the resource utilization of non-hazardous waste, regulates the classification, temporary storage and compliant transfer of hazardous waste, upholds the environmental compliance as the bottom line, and fulfills the responsibility of green development.

Waste management system

DEC establishes a sound waste management mechanism and incorporates it into the Company's management mechanism for energy conservation and environmental protection. The leading group for energy conservation and environmental protection regularly listens to reports on key tasks of energy conservation and environmental protection, and the Board of Directors deliberates and makes decisions on major issues. DEC specifies the management requirements for classified collection, storage, transportation and disposal of wastes.

The Company sets waste reduction targets, defines the goals for non-hazardous and hazardous waste reduction during the 14th Five-Year Plan period, incorporates them into the annual assessment system, and regularly tracks the progress of target completion.

Harmless waste disposal

The Company implements classified management of non-hazardous waste, and handles them according to the principle of "reduction, resource utilization, and harmless treatment". The recyclable waste is handed over to qualified units for recycling, while non-recyclable waste undergoes harmless treatment as required. The Company actively collaborates with downstream recycling enterprises to promote the resource utilization of waste.

Indicator	Unit	2023	2024	2025
Non-hazardous waste discharge	Ton	28,066.50	32,008.80	37,019.00
Economic intensity of non-hazardous waste emissions	Ton/RMB 10,000	0.0046	0.00459	0.00471
Production intensity of non-hazardous waste emissions	Tons/10,000 kW power generation equipment output	6.36	5.51	4.63

Hazardous waste disposal

The Company strictly follows the *requirements of Pollution Control Standards for Hazardous Waste Storage and Management Measures for Hazardous Waste Transfer*, and regulates the collection, storage, transfer and disposal of hazardous waste. All hazardous wastes are handed over to qualified units for safe disposal, with the entire transfer process managed through an electronic bill system for traceability. The Company continues to advance hazardous waste reduction efforts, and optimizes production processes to minimize hazardous waste generation.

Indicator	Unit	2023	2024	2025
Hazardous waste discharge	Ton	2,496.60	7,163.50	11,408.60 ³
Hazardous waste discharge density	Ton/RMB 10,000	0.0004	0.001	0.00145
Compliance disposal rate of hazardous waste	%	100	100	100

³ Some enterprises in Sichuan have experienced an increase in hazardous waste due to the local environmental regulations and the impact of waste oil disposal from the phasing-out of old equipment in individual enterprises.

Green production

With clean production as the core, DEC deepens the construction of green manufacturing system, strictly controls toxic and hazardous substances, and promotes green transformation across all production processes to fulfill its low-carbon development commitments.

Clean production

DEC actively conducts clean production audits, organizes its affiliated enterprises to carry out clean production audit regularly according to the requirements of the *Measures for Clean Production Audit*, and proposes and implements clean production plans. The Company establishes an internal environmental audit mechanism to regularly check and evaluate the environmental management of its affiliated enterprises.

Responsibilities and honors:

In the 2023 and 2024 Green Development Evaluation of Central Enterprises, the Company consecutively received an **"Excellent"** rating

The green and low-carbon cases declared were selected as the **"Top Ten Outstanding Green Sustainable Development Practice Cases of Central Enterprises"** in 2025 and included in the *"2025 Green Development Report of Central Enterprises"*

The green and low-carbon cases were released at the 30th Conference of the Parties to the *United Nations Framework Convention on Climate Change* (COP30)

Green manufacturing

The Company has incorporated green factory construction into its carbon peak action plan, actively promotes green manufacturing demonstration initiatives, and implements energy and resource conservation through intelligent transformation and digital transition, process improvements, equipment rehabilitation, promotion of energy-saving products and other measures; it actively advances green energy substitution, leveraging Sichuan's hydropower resources to organize enterprises to purchase green electricity through "direct electricity purchase"; the Company also encourages enterprises to utilize factory resources to build photovoltaic power generation systems.

Responsibility performance:

By the end of 2025, the Company had established:

- 4 national green factories
- 12 provincial-level green factories
- 28 green workshops



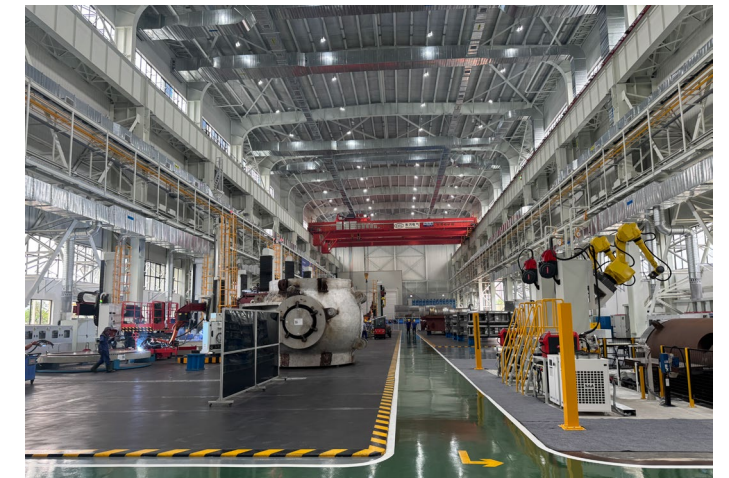
Toxic and hazardous substance management

In accordance with *the Work Safety Law*, *Regulations on the Safety Management of Hazardous Chemicals*, and other regulatory requirements, the Company identifies toxic and hazardous substances in production processes, establishes a list of hazardous chemicals, and standardizes the management in procurement, storage, use, transportation and waste disposal of hazardous chemicals. The Company actively researches and applies alternative chemicals to reduce the use of toxic and hazardous substances and mitigate environmental risks.

DEC Machinery effectively manages welding fumes

Faced with accelerated production rhythms, significant welding fume emissions and collection difficulties that severely impact the production environment and employee health, DEC Machinery prioritized the management of welding fumes, a toxic and harmful substance in production, as a key focus of their work.

DEC Machinery effectively controlled welding fumes. The company systematically designed a comprehensive welding fume management solution, planning from source collection, process control, to end-of-pipe treatment. It adopted a displacement ventilation system with bottom air supply and top air return, established 5 sub-zones for precise division of welding fume collection areas, and controlled sub-zone operations based on actual production needs. This approach created an efficient and sustainable welding fume management system that achieves both effective pollution control and energy conservation. The inspection results confirm



that welding fume emissions at the workstation meet standards, with all measurements below 66% of the standard limits, and the pollutant particle concentrations in exhaust stacks consistently comply with environmental requirements.

Ecosystem and biodiversity protection

DEC adheres to the philosophy that "lucid waters and lush mountains are invaluable assets", integrating ecological conservation and biodiversity protection into corporate operations and product lifecycle management. The Company is committed to developing and providing eco-friendly energy equipment to achieve harmony between industrial production and the natural environment.



During the construction of the Baihetan Hydropower Station, where DEC Machinery supplied all 8 units for the left bank, measures such as habitat protection, ecological environment restoration and water temperature monitoring were implemented to maintain ecological balance in the reservoir area and protect the local environment.

For the Samarkand Photovoltaic Project in Uzbekistan, constructed by DEC International, the Project Department established premium conservation zones during initial phases to protect vulnerable Central Asian tortoises, complemented by regular ecological conservation activities following a "patrol-supply-rescue-education" protocol. To date, 103 Central Asian tortoises have thrived in the nursery established by DEC.

Innovative Resource Utilization and Circular Development

DEC adheres to the concept of intensive and conservation-oriented resource utilization, actively expands clean and renewable energy applications, and vigorously develops circular economy models to maximize resource efficiency for green, low-carbon and high-quality development.



Energy utilization

DEC has established a comprehensive energy management system that strategically balances risks and opportunities, implements energy consumption controls, efficiency upgrades and clean energy substitutions, with quantitative metrics and evaluation mechanisms anchoring low-carbon development goals.

Governance

Management architecture

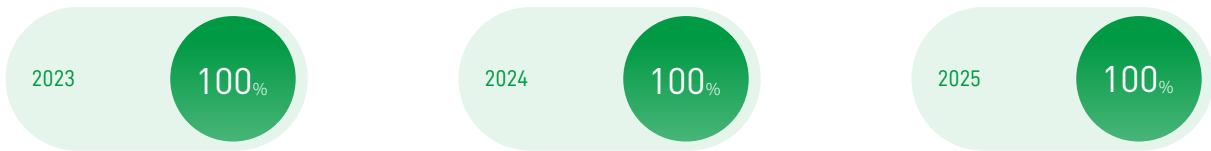
DEC has developed a four-tier energy management system, comprising the "Board of Directors - Senior Management - Dedicated Departments - Subsidiaries", with clearly defined energy management responsibilities at each level. The Economic Operations Department leads and coordinates the Company's energy management efforts to ensure smooth implementation.

The Company strictly adheres to laws and regulations such as *the Energy Conservation Law* and *Measures for the Management of Energy Conservation in Key Energy-Consuming Units*, and has established institutional documents such as *the Regulations on Energy Conservation* and *Ecological Environment Protection, Carbon Emission Management System, and Implementation Measures for Safety and Environmental Protection Awards*. These efforts aim to gradually shift from dual control of energy consumption to dual control of carbon emissions, comprehensively reinforcing the Company's primary responsibility for energy conservation and carbon reduction.

Governance levels	Main responsibilities
Board of Directors	Deliberate and approve the Company's energy management development strategy, major energy issues and management systems, and oversee the overall advancement of energy management work
Senior Management	Coordinate and deploy the Company's energy management efforts, approve the energy-saving plans and annual schedules, and resolve major energy issues through coordination
Office of energy Conservation and Ecological Environment Protection Committee	Take charge of the daily operations of energy management, formulate and implement the energy-saving management systems, and organize energy audits and evaluations
Affiliated Enterprise	Implement the primary responsibilities of energy management, execute various energy-saving systems, and achieve the energy-saving and consumption-reduction targets

During the reporting period, all six of the Company's major production enterprises obtained valid ISO 50001 Energy Management System Certifications. In accordance with the international standard requirements of "annual surveillance audits and recertification every three years", the Company routinely organized annual surveillance audits and periodic recertification of the energy management system to ensure the effective operation of the energy management system and achieve continuous optimization and improvement.

Energy management system certification coverage



Strategy

Risk description	Financial impact	Impact period	Impact degree	Measures
The carbon reduction policies are becoming stricter, and the costs related to carbon taxes and carbon market trading are rising; failure to meet energy efficiency standards may result in penalties such as production restrictions or fines.	Increased expenditures	Medium-term Long-term	High	Establish a comprehensive carbon management system across all processes and conduct product carbon footprint accounting and disclosure Increase R&D investment in energy-saving and carbon-reduction technologies to enhance the energy efficiency of core products Actively participate in carbon market trading and generate carbon credit income through carbon reduction projects
The technological iteration of new energy equipment is accelerating; insufficient R&D investment and lagging production line adaptation may result in missed opportunities in markets such as wind and hydropower equipment, while the transition to energy use in production remains slow.	Decreased revenue Cost increase	Medium-term	Moderate	Increase R&D investment in core technologies for new energy equipment and develop next-generation high-efficiency products Promote the transformation of smart manufacturing production lines to meet the demands of new energy equipment production Collaborate with universities and research institutions to jointly establish energy technology innovation platforms

Opportunity description	Financial impact	Impact period	Impact degree	Measures
Against the backdrop of global energy transition, the demands for new energy equipment such as wind and hydropower continue to grow; as an industry leader, DEC can expand its market share and drive revenue growth.	Income increase	Medium-term Long-term	High	Focus on core sectors of new energy equipment and launch high-efficiency, intelligent wind and hydropower products Expand into overseas markets and participate in energy infrastructure projects under the "Belt and Road" initiative Build an "equipment + service" model to provide full lifecycle energy solutions

Impact, risk, and opportunity management

Strengthening energy consumption management

DEC strengthens dynamic identification of energy usage and measures control, establishes an energy consumption monitoring system for key energy-consuming units, and enhances energy management for key units. The Company continuously improves energy utilization efficiency through various methods such as intelligent transformation and digital transition, process improvements, equipment upgrades, and the promotion of energy-saving products. During the reporting period, the Company's overall energy consumption and unit energy consumption were under control, with a continuous decline in comprehensive energy consumption per RMB 10,000 output value.

Indicator	Unit	2023	2024	2025
Comprehensive energy consumption	Ton of standard coal	93,013.00	99,094.00	112,438.60
Economic intensity of comprehensive energy consumption	Ton of standard coal/ RMB 10,000	0.015	0.0142	0.0141
Production intensity of comprehensive energy consumption	Ton of standard coal/10,000 kW power generation equipment output	21.09	17.06	14.07
Electricity	10,000 KWH	33,115.40	36,423.3	41,794
Natural gas	10,000 m ³	3,654.30	3,812.4	4,196
Gasoline	Ton	575.40	553.20	425.90
Diesel oil	Ton	486.80	455.20	565.00

Energy-saving and emission-reduction measures

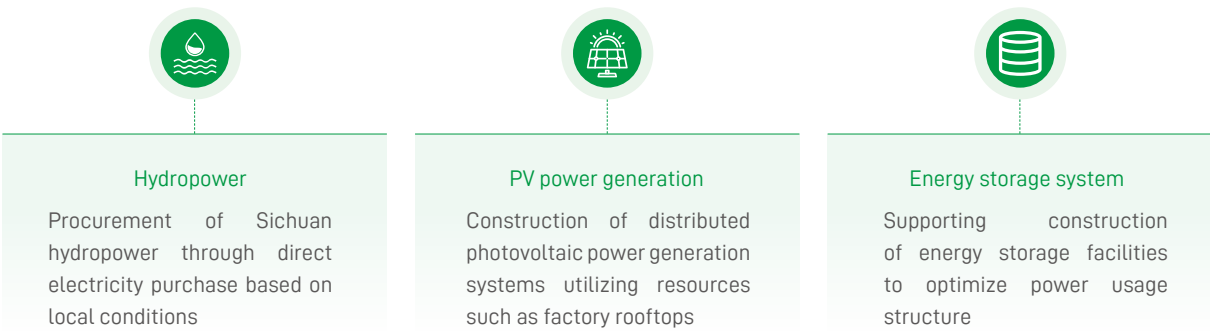
Intelligent transformation Promote intelligent upgrades of production equipment, optimize production processes, and reduce energy waste	Equipment renewal and upgrading Phase out high-energy-consuming equipment and promote the use of high-efficiency energy-saving equipment and products
Graded use of energy Optimize energy utilization structure and improve waste heat and pressure recovery levels	Refined management Establish energy consumption records, implement hierarchical classification management, and strengthen energy consumption benchmarking analysis

➤ DEC Machinery	Applied APS system to improve production scheduling accuracy; promoted precise temperature control with electric heating plates, and adopted digital assembly and precision welding structures to achieve over 50% energy reduction.
➤ DEC Turbine	Optimized assembly processes and tooling for secondary reheat ultra-high-pressure modules in thermal power, effectively improving assembly efficiency.
➤ DEC Boiler	Pioneered intelligent equipment such as welding clusters, achieving automated welding for key pressure-bearing welds with a 300% increase in per capita efficiency; achieved a 300% improvement in material turnover through integrated processing with intelligent equipment. Broken through the robot double-sided spraying technology, achieved multi-process automation, and improved the uniformity of product paint spraying by more than 10%, while reducing paint usage by approximately 20%.
➤ DEC Heavy Machinery	Innovated the processing technology for SG tube sheet blowdown holes, significantly improving processing efficiency and metal removal rates.
➤ DEC Nuclear Equipment	Built a digital welding workshop for reactor internals and 4 intelligent welding workstations, increasing welding efficiency by 30%.

Clean energy/renewable energy usage

DEC actively promotes green energy substitution, leveraging Sichuan's hydropower resources to organize enterprises to purchase green power through "direct electricity purchase"; encourages enterprises to build photovoltaic power generation systems using factory resources, expanding renewable energy application scenarios. By the end of 2025, the Company's renewable energy power consumption had reached 40%.

The clean and renewable energy sources used by the Company mainly include:



Indicator	Unit	2023	2024	2025
Consumption of new energy, renewable energy, or clean energy	10,000 KWH	16,536.38	22,466.23	21,960.48
Proportion of renewable energy consumption	%	44.1	50.9	43.8
Green electricity procurement volume	10,000 KWH	15,588.8	21,429	20,321

Indicators and goals

The Company has established a comprehensive target management and assessment mechanism, incorporating key indicators such as energy intensity and carbon dioxide emission intensity into the performance evaluation system of secondary enterprises for annual operational performance assessment. The Company regularly tracks the progress of energy-saving goals, summarizes and analyzes energy consumption data quarterly, and adjusts and optimizes energy-saving measures in a timely manner to ensure the goals are achieved as scheduled.

Indicator	Target year	Goal contents	Target achievement
Economic intensity of comprehensive energy consumption	2025	A continuous 15% decrease compared to 0.022 in 2020	In 2025, this value was 0.0141, a 35.91% decrease compared to 2020, indicating the target has been achieved.
Carbon dioxide emissions per RMB 10,000 output value	2025	An 18% decrease compared to 0.051 in 2020	In 2025, this value was 0.04, a 21.57% decrease compared to 2020, indicating the target has been achieved.
Carbon dioxide emissions per RMB 10,000 output value	2030	A 30% decrease compared to 2020	Emission reduction in progress

Water resource utilization

DEC has established a hierarchical water resource management system to ensure stable and safe water supply. Through process optimization, recycling and other measures, the Company deepens water conservation and consumption reduction, steadily improving water resource utilization efficiency.

Water resource management system

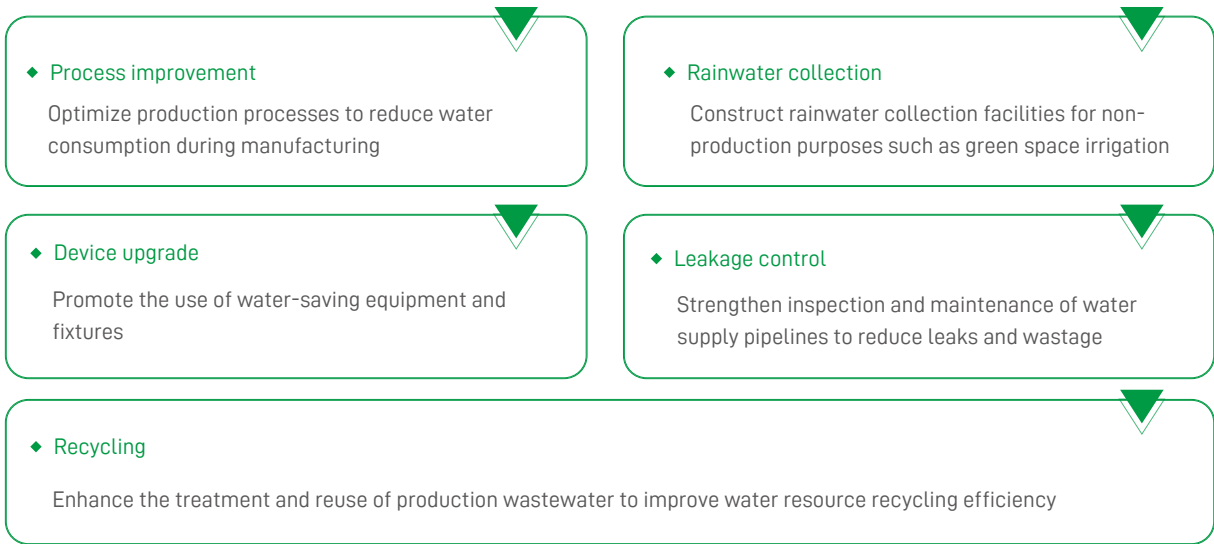
DEC incorporates water resource management into the Company's management mechanism for energy conservation and ecological environmental protection. A dedicated department is responsible for daily water resource management tasks, the senior management regularly listens to reports on key tasks, and the Board of Directors deliberates and makes decisions on major water resource management issues.

During the reporting period, the Company encountered no issues in obtaining applicable water sources. The water resource supply was stable and sufficient, meeting production and operational needs, with no production interruptions or restrictions due to water shortages. The Company also did not receive any regulatory penalties or legal disputes related to water resource acquisition.

The Company will continue to monitor the water resource conditions in its operational locations, assess potential impacts of climate change and other factors on water supply, and develop contingency plans to ensure water supply safety.

Water conservation

The Company strictly complies with laws and regulations such as *the Groundwater Management Regulations*, establishes water resource management-related systems, clarifies management requirements for water extraction, usage, conservation and drainage, standardizes water resource usage behaviors, actively promotes the construction of water-saving enterprises, and enhances water resource utilization efficiency.



Indicator	Unit	2023	2024	2025
Total water consumption	10,000 tons	344.50	370.70	386.00
Economic intensity of total water consumption	Ton/RMB 10,000	0.568	0.532	0.491
Production intensity of total water consumption	10,000 tons/10,000 kW power generation equipment output	0.0781	0.0638	0.0483
Repeated water consumption	Ton	10,131,000	12,076,706	12,777,128

Recycling economy

DEC has established a sound circular economy management system, and formulated *the Administrative Rules for Disposal of Idle and Waste & Old Materials (Trial)*. Strictly adhering to the principles of "coordinated management and efficiency first; classified disposal and best use; openness, transparency, legality and compliance", the Company standardized the full-process management of the assessment, disposal and recycling of idle and waste materials, so as to further promote the service of declaration for idle and waste materials disposal requirement and improve the disposal efficiency.

During the reporting period, the Company continued to provide public bidding services for idle and waste materials through the "Dongfang e-Auction" platform, maximizing the value of these materials. It standardized and made transparent the disposal of idle equipment and waste materials, improving resource allocation efficiency and promoting environmental protection and sustainable development.

Waste metal recycling	▶	Classify and recycle metal waste such as scrap steel, scrap iron and scrap copper generated during the production process, and hand them over to specialized enterprises for reuse.
Waste oil recovery	▶	Recycle and treat waste lubricating oil and waste cutting fluid generated during the production process to achieve resource utilization.
Packaging material reuse	▶	Promote the recycling of packaging materials to reduce the consumption of single-use packaging.

Raw material management

The Company has established a management system for raw and packaging materials, advancing full-process management from procurement to use and recycling. It actively collaborates with stakeholders such as suppliers, customers and recycling enterprises to jointly promote the development of a circular economy.

▶ Process optimization	▶ Green procurement
Reduce raw material loss through process improvements to increase material utilization	Prioritize the procurement of environmentally friendly, renewable and recyclable green raw materials
▶ Green design	▶ Supplier cooperation
Incorporate green concepts during the product design phase to optimize material selection	Encourage suppliers to adopt recyclable and biodegradable packaging materials to reduce packaging waste
▶ Excess material recovery	▶ Cooperation with recycling enterprise
Enhance the recycling and reuse of scraps and excess materials during production	Establish long-term partnerships with qualified professional recycling enterprises to ensure standardized disposal and resource utilization of waste materials

Indicator	Unit	2023	2024	2025
Packaging material consumption	Ton	14,549	17,359	19,040
Economic intensity of packaging material consumption	Ton/RMB 10,000	0.0024	0.0025	0.0024
Production intensity of packaging material consumption	Ton/10,000kW power generation equipment output	3.30	2.99	2.38
Wooden box	Ton	7,608	9,764	10,387
Carton	Ton	350	184	88
Plastic	Ton	264	331	140
Channel steel	Ton	6,084	6,710	8,251
Other materials	Ton	244	370	174

Strengthening Climate Response and Risk Management

As a backbone enterprise in China's energy equipment manufacturing sector, DEC deeply recognizes the profound impact of climate change on global economic and social development. The Company has made addressing climate change a core issue for its sustainable development. While supporting the green and low-carbon transformation of society, DEC continuously strengthens its climate governance capabilities and comprehensively enhances its ability to respond to climate risks.



Response to climate change

DEC continues to solidify the foundation for climate change governance, actively addressing climate risks and seizing opportunities to promote green transformation and development.

Governance

The Company has established a climate change governance system comprising the "Carbon Peak and Carbon Neutrality Leading Group - Leading Group Office - Carbon Peak and Carbon Neutrality Research Center". The Carbon Peak and Carbon Neutrality Leading Group is headed by the Party secretary and chairman, with the general manager, the person in charge of strategic work, the person in charge of scientific and technological work, and the person in charge of safety and environmental protection serving as deputy leaders. Members include the heads of the Department of Strategy and Investment, the Department of Industrial Investment, the Department of Science, Technology and Information, the Department of Quality, Safety and Environmental Protection, and the Finance Department.

Governance levels	Main responsibilities
Carbon Peak and Carbon Neutrality Leadership Group	Oversee the overall direction, coordinating resource allocation, and making decisions on relevant issues
Leading Group Office	Implement the tasks assigned by the Leading Group Organize and convene meetings, and promoting the implementation of key tasks and work Coordinate major matters comprehensively, conducting research, and proposing recommendations Track, inspect, and supervise the carbon peak and carbon neutrality work of various units
Carbon Peak and Carbon Neutrality Research Center	Conduct research on carbon peak and carbon neutrality under the guidance of the Leading Group Office

Reporting mechanism

The Company holds an annual carbon peak and carbon neutrality leading group meeting attended by the group leader, deputy leaders and relevant members. The meeting primarily focuses on reviewing the carbon peak action plan and the annual summary and plan for carbon peaking actions, and discussing business opportunities and management requirements in the fields of carbon peaking and carbon neutrality. Reporting is primarily conducted on-site.

System construction

The Company has established and improved environmental and climate management-related systems to provide institutional safeguards for climate governance:

➤ Energy Conservation and Environmental Protection Supervision and Management Regulations

Standardizes energy conservation and ecological environmental protection management, supervises and manages energy consumption and pollutant emissions.

➤ Carbon Emissions Management Regulations (Trial)

Clarifies carbon emission management requirements, imposing constraints on corporate carbon emission intensity and total volume.

➤ Carbon Emission Accounting Methods and Reporting Guidelines (Trial)

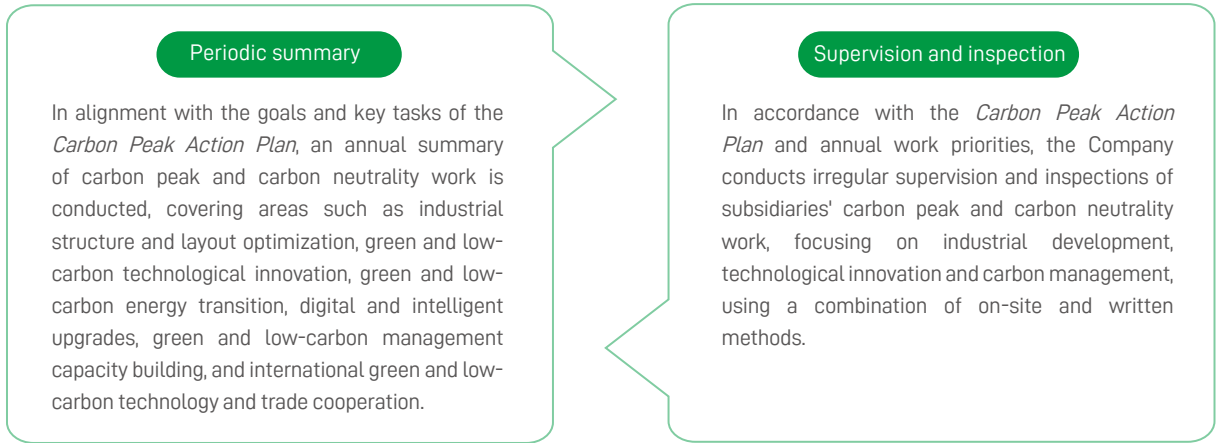
Standardizes greenhouse gas accounting methods to ensure the accuracy and comparability of carbon emission data.

➤ Environmental Management System (ISO 14001) Certification

Company and its subsidiaries have passed the environmental management system (ISO 14001) certification, and have compiled environmental and occupational health and safety management manuals and their procedure documents in accordance with the requirements of the system management

Supervision mechanism

The Company has established and improved a supervision mechanism for climate change work to ensure the implementation of all objectives and tasks:



Strategy

Climate scenario analysis

In compliance with relevant regulatory requirements, the Company selects the scenario assumption models and related parameters publicly released by the Intergovernmental Panel on Climate Change (IPCC) to conduct climate scenario analysis, aiming to better understand the potential impacts of climate risks and opportunities on corporate strategy, business models and financial planning.

Climate scenario models

Scenario	IPCC scenario model selection	Model application
Low Emission Scenario	Representative Concentration Pathway: RCP 2.6 Shared Socioeconomic Pathway: SSP1	This scenario assumes the strictest policy regulations, maximizing the impact of transition risks. Therefore, it is used for transition risk analysis.
High Emission Scenario	Representative Concentration Pathway: RCP8.5 Shared Socioeconomic Pathway: SSP5	This scenario assumes the most lenient policy regulations, maximizing physical risks. Therefore, it is used for physical risk analysis.

Timeframe definition

Based on industry practices and the Company's actual situation, we define the short term as 1 year (or less), the medium term as 1-5 years, and the long term as more than 5 years.

Climate-related risks

Physical risks

Risk	Risk description	Financial impact	Impact period	Impact degree	Measures
Extreme heat	DEC's primary energy source is electricity. During extreme high temperatures, power rationing may occur, disrupting normal production activities and causing delays in order deliveries. The Company may need to pay penalty fees, affecting operating revenue.	Increased expenditures	Short-term	Moderate	Establish emergency response mechanisms to adjust production plans and prioritize critical orders during extreme high temperature, thereby reducing default risk.
Flooding	The Company's production bases, R&D centers and other facilities may suffer direct damage from floods, with high repair and reconstruction costs; floods may disrupt normal production activities, leading to delayed order deliveries; the supply chain may be impacted, causing raw material shortages.	Increased expenditures Decrease of assets	Short-term and medium-term	Moderate	Develop detailed flood prevention plans and construct flood control facilities; strengthen cooperation with insurance companies to purchase relevant property and business interruption insurance; establish emergency response mechanisms.
Typhoon	Typhoons can damage production facilities and disrupt supply chains, leading to delayed equipment deliveries and increased maintenance costs; if manufacturing bases in coastal areas encounter super typhoons, factory shutdowns and logistics paralysis may occur.	Increased expenditures Decreased revenue	Short-term and medium-term	Moderate	Establish a climate disaster early warning system; optimize the geographical layout of the supply chain; invest in infrastructure resilience upgrades.
Rising temperatures and drought	The long-term temperature rises may reduce equipment cooling efficiency (e.g., decreased performance of gas turbines); hydropower equipment in drought-prone areas may face reduced production capacity due to water shortages.	Increased expenditures	Medium-term and long-term	Poor	Develop cooling technologies for high-temperature environments and upgrade products for higher energy efficiency.

Transition risks

Risk	Risk description	Financial impact	Impact period	Impact degree	Measures
Pressure from dual carbon emission control management	During the 15th Five-Year Plan period, China will officially implement dual carbon emission control management, setting requirements for corporate carbon emission intensity and total volume. As an equipment manufacturing enterprise, DEC may face risks of increased carbon emissions and management costs.	Increased expenditures	Long-term	Moderate	Continuously promote industrial structure optimization, improve the organizational carbon emission accounting system, and establish a product carbon footprint management system to facilitate corporate carbon management and reduce resource inputs for subsidiaries.
Low-carbon technology R&D	The research and application of low-carbon technologies require significant financial and time investments, potentially increasing costs in the short term; if technology R&D fails or the transition process encounters difficulties, risks such as technological obsolescence and loss of market share may arise.	Increased expenditures	Medium-term Long-term	Moderate	Develop long-term low-carbon technology R&D strategies, and allocate R&D funds rationally; strengthen cooperation with universities and research institutions; conduct pilot projects first, then scale up after summarizing experience
Carbon tariff policies	The carbon tariff policies such as the EU Carbon Border Adjustment Mechanism (CBAM) may increase the cost of exported equipment, affecting international product competitiveness.	Increased expenditures Decreased revenue	Long-term	Poor	Strengthen product carbon footprint management and establish an internationally aligned carbon accounting system; optimize international market strategies.

Climate-related opportunities

Opportunity	Opportunity description	Financial impact	Impact period	Impact degree	Measures
Clean energy market expansion	The demand in the new energy market continues to grow, with national new energy installed capacity expected to exceed 2.8 billion kW by 2030, and the market space for the entire industrial chain of wind power, photovoltaics and new power generation equipment continues to expand	Income increase	Medium-term and long-term	High	Continue to deepen expertise in wind power, hydropower, nuclear power and other advantageous fields; strengthen the layout of new energy technologies such as ocean energy and geothermal energy

Opportunity	Opportunity description	Financial impact	Impact period	Impact degree	Measures
New power system construction	The intermittent and volatile nature of new energy creates huge market demand for new power systems, presenting development opportunities for grid-forming technologies, energy storage equipment and smart power distribution devices	Income increase	Medium-term and long-term	High	Develop grid-forming technologies and enhance the R&D of products such as high/low-voltage frequency converters, photovoltaic inverters and energy storage converters.
Hydrogen energy and energy storage development	The hydrogen energy's full industrial chain technology is maturing rapidly, and the new energy storage market is growing fast	Income increase	Medium-term and long-term	Moderate	Strengthen research and development of key hydrogen energy technologies and expand large-scale application scenarios; accelerate the deployment of physical energy storage, electrochemical energy storage, and thermal energy storage.
Comprehensive energy service	The zero-carbon parks have become a major growth point for integrated energy services, with increasing demand for high-value-added services such as energy management and carbon asset operations	Income increase	Medium-term and long-term	Moderate	Accelerate the layout of zero-carbon parks, smart microgrids and other businesses; explore carbon-related services such as carbon accounting, carbon system construction and carbon reduction consulting

Impact, risk, and opportunity management

Identification of climate-related risks and opportunities

The Company conducts cross-departmental collaboration meetings to analyze the business models and value creation pathways of its energy equipment manufacturing operations to reach a consensus on the impact of climate change on different businesses such as hydropower, wind power and nuclear power. Through extensive research on domestic and international climate change trends and industry developments, combined with its own business characteristics, the Company explored climate-related risks and opportunities. Ultimately, it developed a list of climate risks and opportunities covering areas such as production disruptions due to extreme weather, interruptions in raw material supply, growth in the clean energy market demand, and innovations in low-carbon technologies.

External factors	Monitor the impact of extreme climate events on production facilities and supply chains, as well as changes in market demand due to low-carbon transition policies
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Internal factors	Focus on whether R&D capabilities and production operation models can adapt to climate-related changes
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Assessment of climate-related risks and opportunities

The Company employs a combination of quantitative and qualitative methods to comprehensively analyze the impact of climate change on its business operations:

Physical risk assessment

Assess acute risks (e.g., disruptions and economic losses from extreme heat-induced power rationing, floods, etc.) and chronic risks (e.g., cost increases in production due to rising average temperatures, droughts, etc.)

Transition risk assessment

Evaluate changes in policies and regulations (e.g., increased carbon emissions and management costs due to dual control and management of carbon emission), technological innovations (investment in low-carbon technology R&D), and market shifts (impact of customer preferences on product demand)

Quantitative analysis of climate change risks

The Company continues to advance the quantitative analysis of climate change risks:



Methodology and models

Utilize the RCP/SSP scenario models released by the IPCC, combined with the Company's asset distribution and business characteristics for analysis



Application of analysis results

Apply the results of climate risk quantitative analysis to strategic planning, investment decisions, and risk management



Future plan

Continuously refine the quantitative analysis methods for climate risks, gradually expand the scope and precision of analysis, and explore integrating climate risks into financial impact models

Monitoring climate-related risks and opportunities

The leading group office formulates targeted response measures based on the major climate risks and opportunities identified by the Board of Directors, promoting the regular implementation of climate risk management:

- Regularly track the progress of climate risk management efforts
- Include a dedicated climate-related reporting chapter in ESG reports for public disclosure
- Continuously monitor changes in external factors such as domestic and international climate policies and industry technology trends
- Update the list of climate risks and response strategies as needed

Financial impacts

Current Financial Impact of Climate Risks and Opportunities

Risk/Opportunity	Impact and Description
Extreme weather events (e.g., extreme heat, flood and typhoon)	During the reporting period, neither production facility damage, shutdowns, supply chain disruptions nor direct/indirect financial losses occurred due to extreme weather events
Policy and regulatory changes (e.g., dual control and management of carbon emissions)	The Company closely follows carbon emission policies amended by the State-owned Assets Supervision and Administration Commission of the State Council and other relevant authorities, continuously promoted the industrial structure optimization, and improved the organizational carbon emission accounting system, with the carbon management costs controllable generally during the reporting period
Changes in market demand (e.g., customer preference shift toward low-carbon products)	Against the backdrop of the dual carbon control system and carbon tariffs, the management of carbon footprints for energy equipment products has become increasingly stringent, with downstream customers showing growing demand for low-carbon products.
Technological innovation (e.g., low-carbon technology development)	The Company continuously increased investment in the research and development of green and low-carbon equipment. In the past three years, the green and low-carbon energy equipment produced has contributed to a reduction of over 160 million tons of carbon emissions, equivalent to about 60 million tons of standard coal, bringing strong support for the low-carbon transformation of the industrial chain.
Climate-related opportunities	The Company actively seized the market growth opportunities in clean energy equipment, with emerging businesses such as hydrogen energy, energy storage and integrated energy developing steadily

Expected Financial Impact of Climate Risks and Opportunities

Phase	Impact and Description
Short term (within 1 year)	Respond to physical risks such as extreme high temperatures, establish emergency response mechanisms, ensure the delivery of key orders, and control default risks
Medium term (1-5 years)	Continue to increase the R&D investment in clean energy equipment, with orders for clean energy equipment expected to maintain a growth trend; accelerate the industrialization process of emerging businesses such as hydrogen energy, energy storage and integrated energy
Long-term (Over 5 years)	Meet the dual control and management requirements for carbon emissions, and improve the product carbon footprint management system; achieve a comprehensive transformation of the Company's energy structure, becoming an energy equipment manufacturing enterprise dominated by clean energy equipment

Indicators and targets

Greenhouse gas emission

The Company has continuously monitored its annual greenhouse gas emissions, and driven decarbonization efforts across its production operations and industrial chains to achieve comprehensive control over greenhouse gas emissions. Currently, none of the Company's affiliated enterprises are involved in carbon emissions trading.

Accounting system construction

The Company is committed to building a standardized and comprehensive carbon emission accounting system. During the reporting period, the newly compiled and released *Value Chain (Scope 3) Carbon Emission Accounting Methods and Reporting Guidelines (Trial)* together with the previously released *Carbon Emission Accounting Methods and Reporting Guidelines (Trial)* (applicable to Scope 1 and Scope 2 accounting) form a complete organizational carbon emission accounting system.

Based on the above system and in combination with the actual enterprise conditions, the Company conducted a trial calculation on some categories of carbon emissions in Scope 3 of DEC Machinery, DEC Turbine and DEC Boiler for the year of 2025, providing strong technical support for the subsequent comprehensive implementation of carbon emission accounting across the value chain, the formulation of practical and feasible carbon reduction strategies and the promotion of collaborative emission reduction across the supply chain.

Greenhouse gas emissions

Indicator	Unit	2023	2024	2025
Direct greenhouse gas emissions (scope 1)	Tons of CO _{2e}	8.10	8.50	7.70
Economic intensity of direct greenhouse gas (Scope 1) emissions	Tons of CO _{2e} /RMB 10,000	0.0133	0.0122	0.0098
Production intensity of direct greenhouse gas (Scope 1) emissions	Tons of CO _{2e} per 10,000 kW of power generation equipment output	18.36	14.63	9.63
Indirect greenhouse gas emissions (scope 2)	Tons of CO _{2e}	19.40	21.00	23.40
Economic intensity of indirect greenhouse gas (Scope 2) emissions	Tons of CO _{2e} /RMB 10,000	0.0320	0.0300	0.0298
Production intensity of indirect greenhouse gas (Scope 2) emissions	Tons of CO _{2e} per 10,000 kW of power generation equipment output	43.98	36.15	29.27
Greenhouse gas (Scope 3) emissions	Tons of CO _{2e}	/	143.40	304.70 ⁴
Economic intensity of greenhouse gas emissions in Scope 3	Tons of CO _{2e} /RMB 10,000	/	0.1823	0.3873 ⁵
Greenhouse gas emissions	10,000 tons	27.49	29.50	31.20
Greenhouse gas emission density	Ton/RMB 10,000	0.045	0.041	0.040
Economic intensity of carbon emissions	Tons of CO _{2e} /RMB 10,000	0.045	0.042	0.040
Production intensity of carbon emissions	Tons of CO _{2e} per 10,000 kW of power generation equipment output	62.32	50.78	39.03

4: The Company's value chain covers a wide range, including emissions from upstream manufacturing sectors (raw metal materials such as iron and steel), downstream energy equipment (various power plants), employee commuting, raw material distribution and finished product transportation, etc.

5: The significant increase in data is due to the sharp rise in raw material consumption caused by production capacity expansion in 2025.

Capital allocation

The Company has sufficient funds for R&D in low-carbon technologies, production facility upgrades and clean energy projects, which will continue to account for over 43.85% of the total annual R&D investment and may gradually increase.

Internal carbon pricing

In the short term, the Company strictly adheres to the carbon policies of the State-owned Assets Supervision and Administration Commission of the State Council and other relevant authorities, and is well prepared to incorporate carbon pricing into project feasibility studies. If necessary, the carbon pricing will be applied to investment decisions and other areas. The Company's operations are dispersed across China so the pricing per metric ton of greenhouse gas emissions will fully refer to the carbon prices listed on the most accessible carbon exchange which is the nearest to the operational location.

Climate-related targets and progress

Carbon reduction targets and progress

Topic	Indicator	Medium and long-term targets	Progress during the reporting period
Response to climate change	Reduction rate of carbon dioxide emissions per RMB 10,000 of output value compared to 2020	As proposed in the Action Plan for Carbon Dioxide Peaking: an 18% reduction by 2025 and a 30% reduction by 2030	A 32% reduction has been achieved by 2025, exceeding the 2025 target

Green factory construction targets

Target type	Goal contents	Target year	Progress
Green factory construction	By 2030	The core manufacturing enterprises are established as a group of national-level green factories	As of the end of the reporting period, a cumulative total of 4 national-level green factories had been established



Social

"Chaining" the Future to Empower a New Development Pattern

DEC drives innovation with science and technology as its core impetus, breaking through key technologies, building platforms for innovation exchange, and integrating resources to accelerate the transformation of scientific and technological achievements. The Company adheres to win-win cooperation, and is committed to achieving mutual progress and benefits with employees, customers, suppliers, partners and other stakeholders.

Deepening technological breakthrough and data protection	47
Innovation-driven growth Data security and customer privacy protection	
Building a happy workplace and healthy barrier	52
Employee	
Empowering partners for collaboration and industrial upgrading	64
Supply chain security Equal treatment of SMEs Industry development	
Safeguarding customer value and quality safety	72
Safety and quality of products and services	
Practicing Livelihood Responsibility and Social Welfare	76
Rural revitalization Social contribution	
Expanding overseas responsibility and international development	80
Overseas operation	

UN's Sustainable Development Goals (SDGs)



Deepening technological Breakthrough and Data Protection

DEC persists in innovation-driven development, continuously strengthening the construction of scientific and technological innovation systems, accelerating the establishment of high-level innovation platforms and integrating various resources to expedite the transformation of scientific and technological achievements. Meanwhile, the Company prioritizes data security and customer privacy protection, establishing a comprehensive data security protection system, upgrading the technical protection capabilities, enhancing the training and education for all employees, and promoting the deep integration of data security with business development.



Innovation-driven growth

DEC has established a multi-level scientific and technological innovation governance structure, strengthened the institutional and incentive safeguards, advanced the frontier technology research and the industry-university-research integration, and empowered high-quality development through intellectual property and achievement transformation.

Governance



Organization structure

The Company has established a science and technology innovation leading group, set up a science and technology committee directed by the party secretary, and formed an advisory committee for science and technology development composed of academicians, industry experts and university professors.

The Company completed the formation of a new advisory committee for science and technology development and appointed 15 academicians and 21 experts during the reporting period, further strengthening expertise in emerging industries such as artificial intelligence, marine equipment and new materials.



System guarantee

The Company formulated and revised 8 regulations in 2025, including the *Administrative Measures for Technology Introduction and Transfer* and the *Administrative Measures for Company-level Science and Technology Projects*, continuously advancing the standardized management of scientific and technological innovations.



Supervision and assessment

The Company strengthened the penetration of policies during the reporting period, continuously improved the assessment and evaluation mechanism for scientific and technological innovation featuring "one policy for one enterprise", incorporated scientific and technological innovation into the annual operating performance assessment of affiliated enterprises, improved the scientific and technological reward mechanism covering the whole chain of "question – answer – transformation", established an incentive model suitable for special tasks, and implemented the *2025–2027 Special Incentive Plan for Scientific and Technological Innovation*.

Strategy

Risk description	Financial impact	Impact period	Impact degree	Measures
The iteration of core technologies still needs to be accelerated, and R&D investment needs to be further increased; peer competition is more intense, and the existing advantages are further narrowed	Decreased benefit	Long-term	Low	Deepen the collaboration with universities and scientific research institutions to establish joint innovation research centers and strategically position for disruptive technologies Increase the proportion of investment in cutting-edge technology R&D, prioritize key technological breakthroughs, and closely follow the industry trends
Opportunity description	Financial impact	Impact period	Impact degree	Measures
With the new round of NDC targets set for 2035, the new energy equipment industry will usher in a definitive incremental market	Increased revenue and assets	Medium-term	Moderate	Boost R&D investment and strengthen forward-looking planning for scientific research projects Enhance the integrated coordination of "wind-solar-hydrogen-storage" system to deliver comprehensive energy solutions

Impact, risk and opportunity management

National-level R&D platforms

4 Nos

Provincial and ministerial-level R&D platforms

17 Nos

Development of innovation platforms

The Company continuously advances the construction of high-level innovation platforms, accelerating the deep integration of industry, academia, research and application to provide strong support for key technological breakthroughs. By the end of 2025, the Company has established 4 national-level innovation platforms, including national key laboratories and national energy R&D centers, along with 17 provincial/ministerial-level R&D platforms, building an innovation base covering the fundamental research, application development and experimental verification to support technological breakthroughs.

During the reporting period, DEC partnered with Tsinghua University to establish the Tsinghua-DEC Joint Research Institute for Future Energy and Equipment; DEC Machinery collaborated with Huazhong University of Science and Technology to establish the Energy Power Equipment Technology Sub-laboratory of the National Key Laboratory of Strong Electromagnetic Technology, jointly creating a national-level innovation platform for deep integration of "industry-academia-research-application".

Indicator	Unit	2023	2024	2025
National-level R&D platforms (number)	Nos	4	4	4
Provincial and ministerial-level R&D platforms (number)	Nos	12	15	17

DEC successfully held the Ninth Scientific and Technological Innovation Conference and the Annual Conference of the Central SOE Advanced Power Equipment Innovation Consortium

In September 2025, DEC convened the Ninth Scientific and Technological Innovation Conference and the Annual Conference of the Central SOE Advanced Power Equipment Innovation Consortium, with more than 400 participants from related enterprises, scientific research institutions, universities and members of the Central SOE Advanced Power Equipment Innovation Consortium. The conference unveiled 10 latest technological achievements, including overall technical solutions for a new generation of coal-fired power generation projects, a fully independent series of heavy-

duty gas turbines and semi-direct-drive series of fully integrated offshore wind turbines with ultra-high capacity. It also identified 8 fundamental research challenges in the power equipment field, and recognized award recipients for the Ninth Award for Outstanding Contribution to Technological Innovation, the First Prize for Scientific and Technological Progress and the First Prize for Scientific and Technological Achievements.



Conference Site

Intellectual property protection

During the reporting period, the Company added

698 valid patents

including

358 invention patents

The Company strictly complies with laws and regulations such as *the Patent Law of the People's Republic of China* and *the Copyright Law of the People's Republic of China*. It has established a two-tier organizational structure for intellectual property protection, which is "coordinated and guided by the group company and implemented by the secondary enterprises", and formulated a series of systems, including Patent Management Regulations, Administrative Measures for Commercial Secret Protection and Trademark Management Measures. The Company has designated leaders responsible for intellectual property and centralized management departments, guiding the secondary enterprises to develop relevant systems tailored to their intellectual property requirements. The intellectual property has been integrated into the Company's overall development strategy.

During the reporting period, the Company added 698 valid patents, including 358 invention patents. By the end of 2025, the Company owned a total of 4,572 valid patents, including 2,140 invention patents, accounting for 46.8% of the total.

Transformation and Application of Scientific and Technological Achievements

The Company regards the transformation of scientific and technological achievements as a key driver for enhancing core competitiveness and leading high-quality industrial development. It has established a comprehensive work system covering "strategic guidance - R&D and creation - protection management - operation and transformation".

During the reporting period, the Company compiled the Company-level Guidelines for *the Transformation of Scientific and Technological Achievements (Trial)*, and formulated and implemented *the 2025-2027 Special Incentive Plan for Scientific and Technological Innovation*, with a dedicated incentive fund of RMB 29.6 million allocated, one individual granted with the Ninth Award for Outstanding Contribution to Technological Innovation, 21 projects receiving the Annual Scientific and Technological Progress Award and 30 projects receiving the Scientific and Technological Achievement Award, further strengthening incentives for the transformation of scientific and technological innovation achievements.

Indicator	Unit	2023	2024	2025
R&D investment	RMB 100 million	33.86	38.16	38.81
Proportion of clean technology ⁶ R&D investment	%	45.75	44.44	43.85
Growth rate of clean technology R&D investment	%	26.72	9.50	0.69
R&D personnel	Person	4,274	4,272	4,493

Indicators and goals

The Company has set phased and quantifiable goals to strengthen the management of "innovation-driven" initiatives, and actively promoted the achievement of these goals during the reporting period.

Indicator	Unit	Medium and long-term objectives	Progress during the reporting period
Proportion of R&D investment in main business revenue	%	5	4.86
Cumulative number of authorized patents	Pcs	5,200	4,572
Proportion of valid patents for invention	%	50	46.8

6: Clean technology refers to any process, product or service that can reduce negative environmental impact through significant increase of energy efficiency, sustainable utilization of resources or environmental protection activities. DEC's clean technology mainly involves wind power, photothermal power generation, coal power, energy storage, hydrogen energy, etc.

Indicator	Unit	2023	2024	2025
Cumulative number of valid patents	Nos	3,828	4,053	4,572
Valid patents for invention	Nos	1,548	1,777	2,140
Newly increased valid patents	Nos	545	507	698
Newly increased patents for invention	Nos	256	205	358

Data security and customer privacy protection

The Company strictly adheres to the *Cybersecurity Law*, the *Data Security Law* and the requirements of documents such as the *Ministry of Industry and Information Technology's Implementation Plan for Enhancing Data Security Capabilities in the Industrial Sector (2024–2026)* and *Notice on Strengthening Standard Leadership to Promote Industry Data Security*. It has formulated the *Information System Data Management Regulations*, and continuously optimized the data security system, promoting the deep integration of data security and business development.

During the reporting period, the Company did not experience any data security incidents (including data breaches, data loss, unauthorized access, tampering, etc.). The core business data, customers' privacy information and sensitive company information were effectively protected, without any negative impact on the Company's operations, customers' rights and benefits or social reputation.

Emergency drills for cybersecurity

Developed emergency response plans for cybersecurity incidents. The subsidiary companies formulated the special emergency drill plans for ransomware, phishing emails, data disaster recovery, etc., and conducted regular emergency drills every year.

Regularly organized and implemented emergency drills for data security to address the identified risks and potential hazards in a closed loop manner, ensuring dynamic resolution.

Conduct data security risk assessments

Managed data by hierarchical classification, completing the sorting of 10,586 data items across 33 business subjects in 7 business sectors.

Improved the Company's data asset "records", achieving 100% coverage of data resources included in the data catalog with dynamic management.

Identified 14 critical data items, and filed them with the Ministry of Industry and Information Technology. Assessed the data security risks to ensure the data remains effectively protected and reasonably utilized.

Special training for data security

Provided advanced training for key personnel and data administrators across business units on hierarchical classification, privacy protection compliance reviews and technical safeguards for security.

Organized 4 special training sessions during the reporting period, covering over 200 participants.

Building a happy Workplace and Healthy Barrier

DEC consistently regards employees as its most valuable assets, prioritizing employee welfare in corporate development. The Company focuses on building a perfect protection system for employees' rights and benefits, improving employee training mechanisms, facilitating the career advancement pathways, strengthening occupational health and safety management, and actively promoting the balance between work and life, and is committed to providing an equal, harmonious, safe and healthy workplace environment.

Governance

The Company strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and relevant laws and regulations in operational regions, viewing the protection of employees' legal rights and benefits and the promotion of their comprehensive development as the cornerstones of sustainable corporate growth.



In 2025, DEC was recognized on the "2025 Top 100 Best Employers" list by professional institutions such as Zhaopin.com, Institute of Social Science Survey Research Center at Peking University and National School of Development at Peking University.

Strategy

Risk description	Financial impact	Impact period	Impact degree	Measures
The employees' skills do not align with the corporate transformation. Some veteran employees have difficulties in adapting to digitalized and intelligent operations on the production lines, and are reluctant to be trained in skill upgrade, leading to wasted human resources. Additionally, new employees have a slow onboarding process, affecting production efficiency and product quality.	Cost increase	Medium-term	Moderate	Provide tiered and categorized skill training, offering adaptive training for veteran employees, and implement a "mentorship system" for new employees to accelerate their onboarding. Establish training incentive mechanisms by linking skill improvement with compensation and promotions to motivate employees' learning enthusiasm.

Risk description	Financial impact	Impact period	Impact degree	Measures
There is great pressure on employee safety and occupational health management. Safety accidents usually occur when the Company operates in scenarios involving heavy equipment manufacturing, work at height and high-temperature operations. Additionally, the long-term work at high intensity may lead to occupational health issues, exposing to compliance penalties and compensation risks.	Increased expenditures	Short-term Medium-term	Moderate	Conduct special safety training and emergency drills, provide employees with complete safety protection equipment, and identify hazards in high-risk scenarios such as high-altitude and high-temperature work. Establish the occupational health records for employees, conduct regular comprehensive health check-ups, optimize work schedules to reduce high-intensity tasks, and enhance the supplemental medical coverage
Opportunity description	Financial impact	Impact period	Impact degree	Measures
Employee management is empowered by digital transformation. The industrial internet and digital tools can be leveraged to optimize recruitment, training, attendance and performance management processes, improving management efficiency and reducing human resource management costs while helping employees quickly adapt to digital work environments.	Reduced cost	Medium-term	Moderate	Introduce digital training tools, and build an online training platform to facilitate employees to upgrade their skills anytime. Adopt digital twin technology to simulate work scenarios, helping employees quickly master the operation methods of digital equipment.
Employees have diverse development opportunities. Leveraging the Company's industrial chain advantage in comprehensive energy equipment, the cross-sector and cross-position exchange platforms can be established to broaden the employees' career development pathways. Meanwhile, overseas business expansion also provides employees with international growth opportunities.	Income increase	Long-term	Moderate	Create cross-sector and cross-position exchange platforms to facilitate the employees' lateral mobility; cultivate versatile talent and select outstanding employees for overseas branch assignments to participate in international energy equipment projects and enhance their global competencies. Improve the exclusive welfare guarantees for overseas positions to support employees' career development abroad and bolster the Company's "value overseas" strategy.

Impact, risk, and opportunity management

Employee management

DEC adheres to the principle of equal employment, attracting diverse talents to expand the employment scale and promote the localized workforce development; has established a differentiated compensation and welfare system to strengthen the talent incentives and safeguards; balances work and life to enhance the employees' sense of belonging and fulfillment.

Equal employment

We strictly prohibit any form of employment discrimination, forced labor or child labor, and insist on an open, competitive, merit-based and market-oriented recruitment system. During this process, we rigorously standardize the recruitment procedures, ensure fair candidate selection, strengthen management oversight, and guide subsidiaries to recruit employees scientifically and normatively. During campus recruitment, the Company explicitly stipulates that the learning experience and methods abroad (overseas) should not be regarded as a restrictive condition, eliminating employment discrimination.

During the reporting period, the Company did not engage in any illegal employment of child labor or forced labor.

DEC's Employee Composition (2023-2025)

Indicator	Unit	2023	2024	2025
Total employees	Person	17,426	18,033	18,753
Male employees	Person	14,463	15,014	15,713
Female employees	Person	2,963	3,019	3,040
Contract employees	Person	17,426	18,033	18,753
Part-time/agreement employees	Person	99	85	116
Number of labor dispatched employees	Person	588	498	479
Labor contract signing rate	%	100	100	100
Coverage of social insurance	%	100	100	100
Proportion of women in management	%	11.11	11.48	12.39
Proportion of employees from minority groups	%	/	/	2.66
Number of employees from minority groups	Person	/	/	499
Employee training satisfaction	Score	98.40	98.43	98.85
By age				
Number of employees aged 35 and below	Person	5,715	6,066	6,447
Number of employees above the age of 35	Person	11,711	11,967	12,306

Indicator	Unit	2023	2024	2025
By nationality				
Chinese employees	Person	17,423	18,027	18,747
Overseas employee	Person	3	6	6
Number of employee turnover by gender				
Male	Person	155	158	172
Female	Person	40	30	46

Employment creation

2025 graduate recruitment achieved a new high

The Company signed contracts with 1,186 graduates from the class of 2025, exceeding the actual intake for the class of 2024. Where:

The graduates with master's and doctoral degrees account for **70.7%**

The graduates from the first-class universities and disciplines of the world are stable in proportion over **80%**

The graduates hired for strategic emerging industries reach **59.4%**

Employee localization initiatives

The Company actively promotes the employee localization, establishing regional branches in Northeast, North, South and Northwest China while conducting the localized recruitment to attract the local experienced talent. As the only central enterprise headquartered in Sichuan Province, DEC has 60.19% employees from Sichuan Province.

Compensation and welfare

The Company has established an evaluation mechanism for differentiated salary distribution, directing income toward core technical and frontline challenging positions to enhance the pay competitiveness for key positions; strengthened incentives for backbone talent, and implemented separate salary scales for urgently needed and high-level talent; actively rolled out the mid-to-long-term incentives to expand coverage for highly skilled personnel while paying more attention to the training and compensation of skilled talent.

We comply with laws and regulations by establishing the social insurance and housing provident funds for all employees, making full and timely contributions. Meanwhile, the Company has established supplementary medical plans for employees based on the actual conditions, and regularly arranged health check-ups; implemented the enterprise annuity plans with strengthened investment operation supervision. The company fully implements the paid annual leave system, significantly enhancing employees' sense of fulfillment and well-being.

Employee stock ownership plan

The Company's subsidiaries, DEC Wind and DEC Hydrogen Energy, pioneered employee stock ownership pilot programs under mixed-ownership reform, with a total of 397 employees holding shares.

Following the implementation of the employee stock ownership plan, both DEC Wind and DEC Hydrogen Energy maintained strong growth momentum amid fierce industry competition. Total assets experienced rapid growth, technological innovation capabilities advanced significantly, and market expansion reached new milestones. Market-oriented management mechanisms were continuously optimized, talent recruitment and retention yielded promising results, overall labor productivity showed steady improvement, and the turnover rate of key talent consistently declined.

Employee activities

The company advocates a healthy and positive lifestyle and work philosophy, plans employee activities, and implements employee care to create a vibrant, united and progressive cultural atmosphere. Through a diverse range of cultural and sports activities, the company cultivates a warm and harmonious work environment, enhancing employees' sense of happiness and belonging.

DEC hosted a jogging event for the New Year

DEC hosted a jogging event in the New Year, encouraging employees to take this event as an opportunity of drawing on the strength of forging ahead and then transforming into a powerful driving force for work. They played a bold role like a heavy weapon of the country, presented the endogenous driving force of reform and innovation, and revealed the majestic synergy of unity, aiming to accelerating and continuing to write a new chapter in the new era and journey.



Jogging Event for the New Year

DEC hosted spectacular celebrations for the Lunar New Year



Caring for employees

The Company cares for employees in need and female staff. It has established the *Employee Leave Management Regulations* to protect the employees' rest and leave rights, standardize various leaves for female employees including maternity leave, paternity leave, childcare leave, breastfeeding leave, nursing leave, family planning leave and marriage leave at the institutional level, and provide additional benefits to female employees as stipulated.



DEC



DEC Machinery



Dongfang Turbine



DEC Boiler



DEC Wind



DEC Heavy Machinery



Dongfang Electric
Autocontrol Engineering

Employee development

The Company actively builds a comprehensive, multi-level and systematic talent development system, covering talent recruitment, selection, training and more, and also continuously optimizes its talent structure, improves employees' professional capabilities and comprehensive qualities, and injects sustained vitality into the Company's high-quality development.

Talent recruitment

During the reporting period, the Company adhered to a "targeted approach" in talent acquisition, recruiting 122 high-level professionals.

Talent training

The Company focuses on six major talent cultivation programs: "Outstanding Leadership Development, Technological Innovation Talent Development, High-Level Skilled Talent Development, High-quality Professional Talent Development, International Talent Development and Urgently Needed Talent Development", covering training for management personnel, engineering technicians and skilled operators.

Responsibility performance

During the reporting period:

- The Company organized 58 unified training programs across 72 sessions, with a total participation of 35,383 attendees.
- Advanced "one policy for one person" to precisely cultivate the scientific talents, with 7 individuals honored as the national-level key talents and 9 individuals honored as the provincial or ministerial-level key talents.
- Deepened reforms in professional title and vocational skill ranking systems, and obtained the authority to evaluate senior professional titles. It independently evaluated 40 senior engineers for the first time, and added over 390 senior professional titles throughout the year.
- The Company fully implemented the "New Eight-Grade Worker" system, additionally appointing 20 master technicians and 16 chief technicians.

Indicator	Unit	2023	2024	2025
Number of employee training participants	Persons	151,371	170,524	150,836
Investment in employee training	RMB 10,000	5,060.92	6,580	5,837.31
Percentage of female employees trained ⁷	%	/	100	100
Percentage of male employees trained ⁷	%	/	100	100
Percentage of senior management trained ⁷	%	/	100	100
Percentage of middle management trained ⁷	%	/	100	100

7: In 2025, the statistical standard for the training percentage of female employees/male employees/middle management/senior management was adjusted to: the training percentage of female employees/male employees/middle management/senior management = (female employees/male employees/middle management/senior management) number of trainees/(female employees/male employees/middle management/senior management) number ×100%. In 2023, the denominator was the total number of employees, and due to inconsistent statistical standards, the data is not disclosed.



In July 2025, DEC held a unified training and induction ceremony for university graduates entering the Company in 2025, with over 1,100 graduates from more than 200 universities participating in the induction training.



In November 2025, DEC conducted its first business model innovation training, inviting experts from the National Development and Reform Commission, Chinese Academy of Sciences and Chinese Academy of Social Sciences to interpret the energy policies and transition pathways as well as teach the cutting-edge topics such as business model innovation and AI empowerment.

Talent development

The Company places high importance on employees' career development and capability enhancement. It has established scientific and reasonable career advancement pathways, and formulated the *Professional Position Management Measures* and the *Position and Rank Management Regulations* to define employees' position adjustment and rank division and adjustment.

► Skill enhancement training:

Provide support for expenses incurred from books and study articles.

► Professional training:

Provide supplementary training for professional qualifications, title promotions and specialized skills such as computer and language, and provide support for expenses incurred from materials and training.

► Certification training:

Reimburse training fees according to regulations for those who have obtained relevant certificates.

► Mandatory certification training:

For certifications/re-certifications required for the Company's productions and operations or mandated by the national laws/industrial regulations, the Company will cover all certification/recertification and training fees.

► On-the-job education:

To enhance the overall workforce quality, the Company encourages and supports employees in pursuing higher education, and supports employees to participate in the joint training of on-the-job masters and doctors between schools and enterprises.

Industrial workers' team development

The Company consistently prioritizes building a skilled workforce. It has established a comprehensive skill enhancement system covering all employees. In 2025, the Company implemented measures such as training of skilled talents in urgent need by order, building national-level competition platforms, advancing the reform of national "New Eight-Grade Worker" evaluation system, and organizing study tours for leading skilled talents. It has vigorously promoted the reform and construction of industrial workers, and continuously strengthened the cohesion, combat effectiveness and creativity of industrial workers, providing solid talent support for high-quality enterprise development.

National industry skill competition hosted to advance the industrial worker team construction

In 2025, DEC organized the 2025 National Industry Vocational Skill Competition - the Third DEC Group Staff Vocational Skill Competition, marking another key initiative in implementing China's talent development strategy and cultivating high-quality skilled professionals. The competition featured six types of work, including welder, electrician, welding equipment operator, assembly fitter, CNC milling operator and non-destructive testing technician, with the first, second and third prizes awarded in each category. Ultimately, 230 contestants from 8 teams including DEC Machinery, DEC Turbine and DEC Boiler participated in the finals.



Opening of the Skill Competition



Site of the 3rd Staff Vocational Skill Competition



Certificate of Occupational Health and Safety Management System of DEC

Occupational health and safety

DEC always takes the protection of employees' occupational health and safety as the cornerstone of enterprise development, focuses on building an all-round and three-dimensional occupational health and safety management system, and effectively prevents and resolves various safety risks through effective measures such as increasing safety investment, strengthening special training and thoroughly rectifying potential hazards, thus earnestly safeguarding the life safety and occupational health of all employees.

Occupational health management system

The company has obtained ISO 45001 occupational health and safety management system certification and developed management manuals and procedural documents in accordance with the standard. Subsidiaries tailor and implement job safety operating procedures based on their operational realities, risk levels, work nature, and specific tasks, ensuring compliance with national laws, regulations, and standards.

In 2025, the safety protection device for edge operations of heavy-duty boring machine turntables independently designed by DEC Machinery was granted a national patent, and relevant experience and practices were published in the *Labor Protection* magazine.

Occupational disease prevention

The Company adheres to the principle of "prevention first, combination of prevention and treatment", strictly abides by the *Law on the Prevention and Control of Occupational Diseases*, *Management Regulations on the Supervision and Protection of Occupational Disease* and other relevant laws and regulations, and fully implements requirements including the declaration of occupational disease hazards, routine monitoring, regular testing and management of personal protective equipment. Through various on-site illustrations, publicity and training, the Company popularizes knowledge on the prevention and control of occupational diseases to ensure that employees fully understand the occupational disease hazards in the workplace and corresponding protective measures.

During the reporting period, the Company organized and completed occupational disease hazard testing in over 2,800 workplaces, with a qualified rate of 94%⁸. No general or above occupational disease accidents occurred throughout the year.

Occupational health and safety inspection

In accordance with the *Technical Specifications for Occupational Health Surveillance*, *Regulations on Management of Occupational Health in Workplace* and other requirements, etc., the Company organizes regular monitoring of occupational disease hazards and assessment of the current situation of occupational disease hazards; it sets up bulletin boards to publicize the testing results of occupational disease hazards in the workplace and protective measures as required, and issues notifications on occupational disease hazards; in line with the principle of "all personnel must be examined", it organizes personnel exposed to undergo occupational health examinations before, during and after employment, and strictly implements the transfer and proper placement of personnel with occupational contraindications.

During the reporting period, the Company organized and completed occupational disease hazard testing in over

8,600 workplaces

During the reporting period, the Company organized and completed occupational health examinations for more than 8,600 personnel exposed to occupational disease hazards.

Occupational health and safety training

During the reporting period, the Company fully utilized theme activities such as the *Law on the Prevention and Control of Occupational Diseases* promotion week and work safety month to promote laws and regulations on occupational disease prevention and control in various forms and popularize relevant knowledge. Online education and training through the DEC Learning Cloud platform reached over 150,000 people.



DEC Machinery organizes 3 psychological group counseling and intervention lectures including "decoding chronic diseases, protecting health with diet".



DEC Turbine launches a 24-hour mental health consultation hotline, hires professional psychological counselors to provide one-on-one services, and regularly holds mental health education lectures and group counseling to help employees properly cope with work and life pressure and negative emotions.

Indicators and targets

DEC adheres to the people-oriented principle, improves employee management, employee development and occupational health work, and strives to create a positive, healthy and caring office environment for employees.

8: Better than the required value of 85% specified in the National Plan for the Prevention and Control of Occupational Diseases (2021-2025)

Empowering Partners for Collaboration and Industrial Upgrading

Adhering to the core values of "creating value, sharing success", DEC actively builds a responsible and sustainable supply chain, takes the initiative to participate in industry exchanges, promotes the overall development of the energy equipment manufacturing industry, supports the development of SMEs, and is committed to building a mutually beneficial and win-win industrial ecosystem, working hand in hand with partners for common development.

Supply chain security

DEC constructs a sound supply chain governance system, strengthens full-cycle control over suppliers, promotes domestic substitution and green and clean development, and builds a safe and resilient supply chain.

Governance



Governance structure

The Company establishes a vertical and horizontal supply chain management organization system:

- The supply chain management department shall formulate supplier management systems and conduct overall management of suppliers;
- Each authorized unit shall conduct centralized procurement, e-procurement and whole-process management of group-level suppliers;
- Each enterprise shall conduct sourcing, access, review, performance evaluation, re-evaluation of its suppliers, as well as the management of suppliers included in the enterprise's "three-color list".



System specification

- Formulate the *Procurement Management Regulations*, *Supplier Management Measures*, etc., and clarify the principles, procedures and approval authority for suppliers to be included in the "three-color list".



Supervision and assessment

- Dynamically evaluate the performance of all qualified suppliers on an annual basis, conduct a "single evaluation" based on the procurement contract, and combine the results of the dynamic performance evaluation to conduct a comprehensive performance evaluation of all qualified suppliers.

Strategy

Risk description	Financial impact	Impact period	Impact degree	Measures
There is a risk that key and important materials rely on imports, facing supply disruption and "bottleneck" restrictions	Cost increase	Medium-term	Moderate	Accelerate the promotion of domestic substitution, and replace materials originally dependent on imports through independent research and development and joint R&D in key fields to ensure the safety and stability of the supply chain Strengthen material reserves, focus on actual demand and the international situation, scientifically determine reserve categories and scales, and promote the full reserve of "bottleneck" materials
The supply chain lacks resilience, and overseas business expansion faces risks such as geopolitics and local policy changes; meanwhile, the domestic supply chain is vulnerable to unexpected factors such as extreme weather, which may easily lead to logistics interruptions and limited production capacity	Cost increase	Short-term Medium-term	Moderate	Reduce dependence on a single region or supplier, establish and improve a multi-source supply network, actively cultivate the local supply chain, build a pattern of "independent domestic supply + diversified international procurement", and enhance the resilience of the supply chain to external risks
Opportunity description	Financial impact	Impact period	Impact degree	Measures
Empower supply chain upgrading with digitalization, rely on the Co-Plat industrial Internet platform, promote the digital and intelligent transformation of the whole supply chain process, break down data silos, and improve industrial chain collaboration efficiency and supply chain management efficiency	Reduced cost	Medium-term Long-term	High	Deepen the application of the industrial Internet platform to realize data connectivity throughout procurement, production, logistics, O&M, etc. Use AI, digital twin and other technologies to optimize supply chain decision-making and achieve precise procurement and inventory management and control

Impact, risk, and opportunity management

Supplier management

We are committed to establishing a responsible and sustainable supply chain. We implement a full lifecycle management approach for suppliers, covering sourcing, qualification, evaluation, and exit processes, all of which are digitized and transparently managed through our procurement management platform. In accordance with the *Supplier Management Regulations*, we rigorously manage suppliers to ensure that they meet DEC's standards in quality, technology, environmental responsibility, and social accountability.

Responsibility Performance

By 2025, the Company has accumulated:

- Newly registered suppliers: 5,036
- Newly qualified suppliers: 7,173
- Supplier activity rate: 86.3%
- Existing qualified suppliers: 19,400

Indicator	Unit	2023	2024	2025
Total suppliers	Number	15,576	18,444	19,406
New suppliers	Number	3,376	3,227	7,173
Domestic suppliers	Number	14,798	17,449	18,261
Proportion of domestic suppliers	%	95.00	94.60	94.10

Supplier qualification

DEC employs a rigorous and comprehensive qualification (i.e., selection) process for suppliers, particularly focusing on the technical, equipment, process, production, quality assurance capabilities, and performance of product suppliers. For new suppliers providing critical or important products, a series of evaluations and validations are conducted. Only those who pass stringent assessments are approved as qualified suppliers.

On-site Evaluation

On-site evaluations are conducted to assess production conditions and management levels.

Technical verification

Key technical capabilities are verified through methods such as producing prototypes or test pieces to ensure that the technical capabilities meet the requirements.

Performance assessment

DEC conducts an annual comprehensive performance evaluation of all qualified suppliers, with results applied in procurement processes.

Supplier assessment

The Company conducts regular performance evaluations for all qualified suppliers, covering at least quality, cost, delivery and service. Suppliers inactive in procurement for three years are directly rated as unqualified.

Product suppliers	◆ Divided into four grades: Excellent, good, qualified and unqualified based on comprehensive performance evaluation. ◆ Evaluation dimensions include at least quality, cost, delivery and service.
Non-product suppliers	◆ Divided into two grades: Qualified and unqualified based on a comprehensive performance evaluation.

Supplier exit mechanism

The Company establishes a clear supplier exit mechanism to clear out suppliers that fail to meet requirements. During the reporting period, over 1,500 suppliers were cleared out through supplier assessment and evaluation.

The supplier exit mechanism includes but is not limited to:

- Poor performance evaluations
- Failure to pass or complete re-evaluations upon expiration of validity.
- Cancellation of business licenses.
- One-time suppliers not approved as formal or trial suppliers after participation in procurement activities.
- Qualified suppliers with no intention of future cooperation and long-term inactive cooperation

By the end of the reporting period, local suppliers in Sichuan Province accounted for

25% of all suppliers

and domestic suppliers accounted for

94.1%

Supplier localization

The Company attaches great importance to the cultivation of local suppliers, provides technical and quality support to local suppliers, guides them in process optimization and upgraded quality control plans, and improves their technical and quality management capabilities.

By the end of the reporting period, local suppliers in Sichuan Province accounted for 25% of all suppliers, and domestic suppliers accounted for 94.1%.

Green supply chain

The Company actively responds to the national "dual carbon" goal, clearly requires all departments to promote the construction of green supply chains in the *Procurement Management Regulations* and *Supplier Management Measures*, incorporates green and low-carbon indicators into the supplier evaluation system, and encourages suppliers to develop green and low-carbon products and services, which can be preferentially purchased under the same conditions.

Responsibility Performance

During the reporting period, the Company actively participated in promoting the development of the industry's green supply chain:

- Undertaken the project *Research on the Construction Path of Green Supply Chain in the Equipment Manufacturing Industry of Central SOE*
- Participated in compiling the *Implementation Guidelines for Green Supply Chain Management* (Standard No. T/CFLP 0076-2025)
- Completed green supply chain maturity evaluation of 4 major manufacturing enterprises
- Organized over 40 suppliers to participate in the "China Supplier ESG Rating" during the year

In 2025, DEC was awarded the title of "Model Enterprise for China Supply Chain ESG Management" by the China Enterprise Reform and Development Society.



Ethical supply chain

The Company attaches great importance to the transparency and compliance of supply chain management, actively responds to the national call for corporate social responsibility and responsible procurement, and builds three supervision lines: business supervision, functional supervision and discipline supervision, conducts procurement supervision through special supervision, routine supervision and external supervision, combined with data analysis, on-site supervision, online supervision and document verification, and clarifies the processes of complaint acceptance, supervision and disposal. During the reporting period, the Company organized 127 bid supervision sessions involving 331 projects, and found and handled 3 problems.

Supplier “three-color list” management

DEC utilizes the procurement management platform to monitor supplier qualifications and procurement activities in real time. Suppliers exhibiting insufficient performance or violations are categorized into Red, Yellow, or Black lists based on severity:

Yellow list:Issue a warning and suspend the supply qualification for corresponding materials.

Red list:Cancel the supply qualification for corresponding materials.

Black List: Implement ban management and control all its supply capabilities.

This "Three-Color List" system effectively identifies and mitigates supplier risks, ensuring supply chain stability and

Indicators and goals

The Company is formulating the 15th Five-Year Supply Chain Development Plan, and the relevant specific indicators will be disclosed in the subsequent *Environmental, Social and Governance Report*.

Equal treatment of SMEs

The Company actively responds to the national policy call to support the development of small and medium-sized enterprises, and issues the *Notice on Continuing to Carry Out Arrears Settlement Work*, *Notice on Further Clarifying Payment Rules for SMEs* and *Notice on Further Carrying Out Arrears Settlement Work Based on the Treasury System*, thus effectively protecting the legitimate rights and interests of SMEs. During the reporting period, neither DEC nor its subsidiaries have encountered any instances of delayed payments to SMEs.

During the reporting period, DEC's measures and achievements in strengthening the protection of the rights and interests of SMEs

According to the importance and contract amount of purchased items, DEC increases material payments and progress payments for SMEs at different proportions and nodes in terms of payment.

For some new products and key important products, DEC helps SMEs grow rapidly through technical disclosure, on-site guidance and experience exchange.

DEC signs order financing cooperation agreements with ICBC, CCB and Industrial Bank to provide new financing channels for SME suppliers and reduce supply chain financing costs.

Based on the successful operation of digital workshops, DEC drives the digital transformation of SMEs. For example, it supports Jian'an Machinery, an SME in Deyang, to build an “unmanned workshop” for small and medium-sized parts manufacturing, increasing production efficiency by about 30% and reducing costs by about 20%.

Industry development

DEC deepens diversified strategic cooperation between government, enterprises and schools, actively participates in industry exchange exhibitions, shares technological achievements, promotes industrial upgrading, and assists in the high-quality development of the clean energy equipment industry.

Strategic cooperation The company actively expands multi-level and multi-domain collaborations with governments, enterprises, universities, and other stakeholders to co-create value and shape a shared future.

Cooperation with governments



DEC signs a strategic cooperation agreement with the people's Government of Foshan Municipality. Both sides will strengthen research and application cooperation in new power systems, hydrogen energy, intelligent manufacturing, etc.

Cooperation with enterprises



DEC signs a strategic cooperation agreement with Huaneng Shandong Power Generation Co., Ltd. Both sides will deepen cooperation in new generation coal-fired power demonstration projects, offshore wind power project development and construction, etc.



DEC signs a strategic cooperation agreement with China Yangtze Shipping Group Co., Ltd. Both sides hold discussions on cooperation in motors and other equipment, engineering logistics, intelligent workshops, hydrogen energy, finance, cultural tourism, etc.



DEC signs a strategic cooperation agreement with Nanjing Iron & Steel Co., Ltd. Both sides will jointly promote technological leap and breakthroughs through the strong combination of "Nangang Materials + DEC Equipment", build a modern industrial system with international competitiveness, and realize the independent control of high-end materials.

University cooperation



DEC signs a strategic cooperation framework agreement with Tsinghua University.

Industry exchanges

The Company gives full play to its technological and industrial advantages, actively participates in various forums, exhibitions, technical cooperation and foreign exchange activities, shares and discusses the latest industry development achievements with domestic and foreign industry experts and scholars, and contributes to the high-quality development of the industry.

DEC actively participates in promoting the high-quality development of the clean energy equipment industry

In September 2025, the 2025 World Clean Energy Equipment Conference was held in Deyang, Sichuan. DEC participated in the high-end equipment exhibition with multiple industry-leading equipment and simulation models, including G50 independent gas turbine, high-end hydropower turbine and pumped hydro storage simulation model.

During the conference, the Company hosted a number of important activities including the Technical Innovation Conference on Hydropower Equipment under Green and Low-carbon Transformation, the High-quality Development Conference on Gas Turbine Industry Chain, and the Development Situation Conference on Hydrogen Energy Technology and Equipment, joining hands with all parties to promote the high-end, intelligent and green development of the clean energy equipment industry.

DEC debuts at the 20th Western China International Expo

In May 2025, the 20th Western China International Expo was held in Chengdu. DEC exhibited a number of advanced industry equipment simulation models such as the G50 independent gas turbine, high-end hydropower turbine, 26 MW offshore wind turbine, hydrogen fuel cell and electrolyzer, and high-end drilling rig, three-dimensionally presenting the its products and technologies, and comprehensively demonstrating its typical scientific and technological achievements and core brand strength in technological innovation, industrial control and safety support in recent years.

Safeguarding Customer Value and Quality Safety

DEC always puts customer interests at the core, builds an all-round, multi-level and three-dimensional customer communication and service system, and continuously strengthens the safety and quality management of products and services, and is committed to providing first-class energy equipment solutions that are safe, reliable and efficient.

Product and service safety and quality

DEC establishes a two-level quality management mechanism, implements a quality-leading strategy, deepens system certification and cultural construction, and guarantees the safety and quality of products and services through whole-process control.

Governance

The Company builds a customer-centric quality management mechanism, establishes a "Group + Enterprise" two-level service organization, formulates the *Management Measures for Quality Incidents and Accountability*, clarifies the criteria for judging customer quality complaints, and implements hierarchical management. For major and serious quality complaints, it pursues the accountability based on quality management issues, and strengthens the management of customer quality complaints.

During the reporting period, the Company continued to improve quality cost management standards, revised the *Guidelines for Quality Cost Statistics*, and carried out pilot implementation in subsidiaries such as DEC Motor and DEC Turbine.

Strategy

Adhering to the business philosophy of "building an enterprise with quality", the Company firmly implements the "quality-driven enterprise" strategy, formulates medium and long-term quality plans or special implementation plans, clarifies medium and long-term goals, decomposes and implements them into the annual goals of all secondary equipment manufacturing and engineering construction units, and regularly monitors, measures and evaluates the goal promotion process through quality management maturity evaluation, quarterly goal monitoring and annual evaluation.

Risk description	Financial impact	Impact period	Impact degree	Measures
There is rapid technological iteration of strategic emerging industries, intensified industry competition and increased difficulty in product quality control	Increased expenditure and decreased income	Medium-term	High	Strengthen basic research and applied basic research Strengthen the closed-loop management of product "design - review - verification/validation" Establish and improve design standards and specifications Increase resource investment and build a test and verification platform Establishment of Emergency response plan Establish and improve a quality management system adapted to the market environment

Opportunity description	Financial impact	Impact period	Impact degree	Measures
Under the trend of digital transformation, the deep integration of quality management and new generation information technology is conducive to enhancing the quality management capabilities of the full product lifecycle, value chain and industry chain, and improving the quality of products and services	Income increase	Long-term	High	Promote digitalization in R&D and design Accelerate digitalization in production and manufacturing Promote digitalization in quality control Strengthen quality data management
Realize the productization of intelligent services to form a new growth curve for after-sales O&M revenue	Income increase	Medium-term	Moderate	Develop digital service products such as "equipment health management" to provide subscription-based O&M solutions
Provide national requirements for the independent control of key equipment, accelerate domestic substitution, and participate in standard formulation to enhance industry voice and pricing power	Income increase	Long-term	High	Actively strive for major national projects, take the lead or participate in standard formulation, and promote the inclusion of independent technologies into international and domestic standards
Carry out the special action for the upgrading of new-generation coal-fired power, and promote enterprises to build a comprehensive technical indicator system covering active and new demonstration units	Income increase	Long-term	High	Accelerate the research, design and development of technical requirements for the upgrading of new-generation coal-fired power to form effective solutions

Impact, risk, and opportunity management



Quality Management System Certificate

Quality management system certification

The Company always regards quality as the lifeline of high-quality enterprise development, adheres to "quality first, customer first", and deeply promotes the five major quality projects: "demonstration" "foundation" "climb" "leap" and "embankments", continues to build a sound quality management system and constantly enhances quality assurance capacity.

During the reporting period, DEC continued to promote quality management system certification; by the end of the reporting period, 10 enterprises of the Company had completed ISO9001:2015 quality management system certification. Experts were organized to conduct quality management system maturity evaluations for 9 enterprises. In 2025, 8 group-level enterprises reached the four-star level.

Quality culture construction

The Company attaches great importance to quality culture construction and continuously promotes quality training and cultural publicity. During the reporting period, the Company established a communication platform, enhanced the quality awareness of all employees, and created an atmosphere where everyone cares about and shares quality by holding quality lectures for leaders and cadres, conducting quality discussions for all employees, and organizing skill competitions for frontline employees.

A total of 1,037 quality training sessions is held throughout the year, with 33,859 participants.

Indicator	Unit	2023	2024	2025
Number of quality training sessions	Number	211	249	1,037
Participants in quality training activities	Persons	27,819	18,034	33,859
Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0	0	0



DEC Turbine's High-end Equipment Manufacturing Quality Management Model with "DEC Turbine Spirit" as the Core Technology and Management won the Nomination Award of the 5th China Quality Award



DEC Heavy Machinery won the Nomination Award of the 8th Guangdong Provincial Government Quality Award for its "5145" Nuclear Power Safety and Quality Management Model Based on the Whole Value Chain



DEC Boiler was selected as a typical case of enterprise chief quality officers strengthening comprehensive quality management



DEC Machinery won the first prize in the 8th QC Team Achievement Presentation Competition of Central SOE



DEC Turbine organized special quality courses in 2025



DEC Wind carried out special quality management training



DEC Heavy Machinery organized quality warning education activities and "quality-leading" lectures

Optimization of customer service

The Company always puts customers at the center, forming a customer-centric after-sales service system that covers the entire product lifecycle. The core assessment goals are to improve customer satisfaction, ensure that the performance rate of major projects exceeds 95%, and zero major customer complaints, continuously improving the service quality and building an excellent brand.

In 2025, the Company systematically collected and tracked quality problems until closure through normalized and full-coverage proactive customer visits such as the "quality long march" campaign. Customers can also provide feedback to the Company through channels such as the CRM system (customer relationship management), email and phone.

During the reporting period, the Company invited a third-party institution to conduct a survey on customer satisfaction and generate a satisfaction analysis report. There were no major quality complaints from customers.

Measures to improve customer satisfaction during the reporting period:

- Optimized the customer appeal response mechanism and formed regular reports, and implemented the service concept of "first responsibility to people, first inquiry closed-loop";
- Established a hierarchical response mechanism for customer problems and formulated project implementation risk management rules, and implemented differentiated handling to ensure closure;
- Jointly held special technical exchange meetings with large power groups, and collaboratively solved common problems at the technical level.

Indicators and goals

The Company has set the phased and quantifiable goals to strengthen the management of "product and service safety and quality" initiatives, and actively promoted the achievement of these goals during the reporting period.

Indicator	Unit	Medium and long-term objectives	Progress during the reporting period
Number of major quality management issues	Nos.	0	0
Number of major quality complaints from customers	Nos.	0	0

Practicing Livelihood Responsibility and Social Welfare

DEC fully fulfills the mission and responsibility of central SOE in playing the "three roles", actively practices the people-oriented and giving back to society responsibility philosophy, deeply participates in the great cause of rural revitalization, carries out extensive public welfare and charitable activities, gives back to society, conveys care and warmth, and deeply integrates enterprise development into the improvement of national people's well-being.

Rural revitalization

During the reporting period, the Company continued to provide targeted assistance to Zhaojue County, Sichuan Province and Jixian County, Shanxi Province. It made continuous efforts in the development of characteristic industries, energy infrastructure construction, education quality improvement, digital countryside development and local consumption assistance, helping boost local economic growth and rural revitalization in the designated support areas.

Responsibility Performance

2025:

- The total investment in rural revitalization was RMB 25.9606 million, with an increase of 3.71% over the previous year;
- Accumulated investment and introduction of total assistance funds exceeded RMB 100 million;
- The Company received the highest rating of "good" again in the evaluation of designated assistance work by central units, and has won this honor for five consecutive years;
- The Company successfully selected into the "Top 10 Rural Revitalization Index of the 2025 Top 300 Chinese Enterprises Social Responsibility Development Index".

Indicator	Unit	2023	2024	2025
Total investment in rural revitalization	RMB 10,000	2,218.37	2,503.11	2,596.06
Counties receiving paired assistance (number)	Nos	2	2	2

Energy infrastructure construction

With the advantages of primary responsibility and business, the 48.5 MW distributed wind power project is about to be completed and put into operation, supporting the development of the clean energy industry in Zhaojue County.



Boosting characteristic industries

The first Yi costume-themed museum in China is built in Zhaojue County, Sichuan Province, promoting the integrated development of the local costume industry and tourism.

Developing integrated agriculture, culture and tourism projects

In Jixian County, Shanxi Province, the Company promotes the "digital village + collective economy" initiative and upgrades the "oriental time" children's park, driving local economic development.



Social contribution

While achieving stable operation and development, the Company remains committed to fulfilling social responsibilities and supporting public welfare causes. During the reporting period, the Company contributed to the harmonious development of society through diverse charitable public welfare activities and voluntary services.

Indicator	Unit	2023	2024	2025
Voluntary activity participants (persons)	Persons	13,977	16,559	12,900
Number of voluntary service activities participated in	Times	1,209	2,085	1,290
Total amount of external donations	RMB 10,000	2,427.00	2,590.00	2,686.87

DEC launches "Warm Winter Action" Youth Volunteer Service

In November 2025, the Company organized 7 Communist Youth League organizations to deliver winter warmth and youthful vitality to Zhaojue County deep in the Daliang Mountains. More than 30 young volunteers held discussions on responsibility and commitment with cadres on secondment in Zhaojue County. They donated coats, hats, quilts, gloves, watercolor pens and other supplies to over 800 children at 11 preschool education sites, including Tebuluo Village, Huopu Village and Tekoumopu Village, fulfilling the "mini wishes" of the children in the warm winter.



Launching the "Warm Winter Action" Youth Volunteer Service

DEC launches "Learning from Lei Feng" volunteer service activities

In 2025, DEC organized all its subsidiaries to carry out a variety of "Learning from Lei Feng" volunteer service activities. Young volunteers went into communities, schools and villages, helping residents solve problems in practice, providing voluntary science popularization activities for students, and interpreting the Lei Feng Spirit in the new era through diverse forms.



The Youth League Committee, directly under the Headquarters, organizes young volunteers to Dongfangyuan and Wenjiexiang communities in Chengdu for convenient service activities such as hairdressing, blood pressure measurement, light bulb replacement, taking family photos, and printing plastic sealed photos.



DEC Machinery has organized young volunteers to Xinzhong School in Jingyang District, Deyang for 15 consecutive years, carrying out "Growth Care" programs including psychological counseling, safety education and book donations.



DEC Turbine organizes young volunteers to Dongqi Xinyuan and Nanbin Jiayuan communities in Deyang, providing volunteer services such as knife sharpening, haircuts and blood pressure measurements to solve practical problems for residents.



DEC Boiler organizes young volunteers to conduct a thorough cleaning of public areas such as green belts and dead corners in old residential buildings and community roads in Mozijing Community, Zigong, creating a clean and warm living space for residents.

DEC launches "Learning from Lei Feng" volunteer service activities



DEC Wind jointly holds a themed league day activity "Great National Equipment Enters Campus, Lei Feng Spirit Nourishes Children's Hearts" with Chadianzi Primary School in Chengdu.



DEC Heavy Machinery organizes young volunteers to set up a "Happy DEC Heavy Machinery · Renewal Salon" barbershop in the staff living area, providing haircut services for over 20 employees and residents.

DEC Boiler signs the *Charity Donation Agreement* with Zigong Charity Federation

On January 22, 2025, DEC Boiler signed the *Charity Donation Agreement* with Zigong Charity Federation. The donated funds were mainly used for targeted assistance projects in Xinan Village, Feilong Town, Fushun County, as well as charitable public welfare activities, including supporting the vulnerable and the poor, helping the elderly and orphans, caring for the sick and disabled, rural revitalization and education support. In recent years, DEC Boiler has fulfilled its social responsibilities and actively played its corporate role, with cumulative charitable donations reaching over RMB 1 million.



Donation Ceremony Scene

Expanding the Scope of Overseas Responsibility Fulfillment and Areas of International Development

DEC deeply expands its overseas business layout, proactively fulfills overseas social responsibilities, and advocates inclusive development. It provides complete sets of equipment, engineering contracting and comprehensive energy solutions to many countries and regions in Asia, Europe, Latin America, etc., driving industrial chain partners to develop overseas and helping local energy transformation and people's livelihood improvement.

Overseas operation

DEC establishes a "1+2+N" Framework for International Business Management, strengthens institutional and risk control and management, deeply explores the "Belt & Road" initiative market, and promotes the high-quality development of overseas business through the export of green equipment

Governance

The Company regards international operation as a significant growth pole for high-quality development. It has formulated and issued a series of core institutional documents, including the *Guidelines for High-Quality Development of International Operation*, the *Work Guidelines for the Overall Coordination and Management of International Business* and the *Measures for the Administration of Overseas Institutions*, to standardize overseas operations. The International Business Department of the Company serves as the responsible entity for the overall coordination, collaborative development, supervision and management and support services of international business. It undertakes functions such as the overall coordination of DEC's international business and external affairs, the planning and implementation of international operations, the management of overseas investment, financing and asset operations, as well as the supervision and governance of overseas anti-corruption efforts.

During the reporting period, the Company established the DEC Central Asia Regional Operation Center to continuously expand the international footprint of China's high-end power equipment. As of the end of 2025, the Company had set up 62 overseas institutions in 45 countries and regions.

Organization structure

- The Company has established an International Business Department and constructed a "1+2+N" Framework for International Business Management, forming a "top-level coordination and hierarchical implementation" structure for overseas risk management and control.

Decision-making mechanism

- The Board of Directors fulfills its functions of "strategic planning, decision-making and risk prevention", strictly controlling risks in the decision-making process for overseas investments and approving major overseas investment and risk compliance matters.
- It has appointed full-time directors and external directors, and promoted the assignment of directors with extensive international operation experience to two international platform companies, enabling them to fully perform their risk prevention and control functions during their tenures.

Supervision and assessment

- The Company has formulated the *Implementation Plan for the Evaluation of the Group Company's International Operation*, incorporating the effectiveness of international operations into the evaluation and assessment system through regular spot checks and special supervision of the performance of overseas projects.

Extended reading:"1+2+N" Framework for International Business Management

- "1" refers to the headquarters' international operation management entity led by the International Business Department and collaborated by relevant functional departments.
- "2" refers to the two international operation platforms, DEC International and DEC Honghua.
- "N" refers to the subsidiaries of the Group Company involved in international operations.

Strategy

Risk description	Financial impact	Impact period	Impact degree	Measures
Inadequate handling of cultural differences and community relations has led to protests and operational obstacles	Increased expenditures	Medium-term	Moderate	Hire local employees and management and actively fulfill community social responsibilities
Geopolitical risks have intensified, with frequent outbreaks of geopolitical conflicts	Increased expenditures	Medium-term	Moderate	Promote the rational and orderly cross-border layout of advantageous production capacities and strengthen compliance operations and risk prevention and control
Insufficient support from international operation talents	Increased expenditures	Medium-term	Moderate	Strengthen the recruitment and training of international talents

Opportunity description	Financial impact	Impact period	Impact degree	Measures
Increased demand for new energy infrastructure along the "Belt and Road" route	Income increase	Long-term	High	Deepen operations in key national markets, promote comprehensive solutions of "equipment + engineering + investment + operation" and establish regional centers
Output Chinese technical standards through overseas projects to enhance international influence	Income increase	Long-term	High	Actively use Chinese standards in EPC projects and collaborate with local institutions to promote standard mutual recognition
The global energy transition towards green and low-carbon development is accelerating	Income increase	Long-term	High	Seize opportunities in the green transition, focus on the international market adaptation of green equipment, promote the rational and orderly cross-border layout of the industrial chain and create new international competitive advantages

Impact, risk, and opportunity management

Deeply integrate into the construction of the "Belt and Road"

Since the initiation of the "Belt and Road" initiative, DEC has provided equipment supply and engineering contracting services to 110 countries and regions worldwide, covering Southeast Asia, South Asia, Central Asia, the Middle East, Europe, Africa and South America, with a cumulative export scale of energy equipment exceeding 100 million kilowatts.

During the reporting period, the Company achieved new development results in its international business. The Julius Nyerere Hydropower Station, the largest hydropower station in Tanzania, in which the Company participated in the construction, achieved full-capacity power generation. The Buka Photovoltaic Project achieved full-capacity grid connection and set a new record for the construction of large-scale photovoltaic projects of its kind in Uzbekistan. The Mingachevir Combined Cycle Project, the largest power plant in Azerbaijan in terms of installed capacity, commenced power generation.



The Mingachevir Combined Cycle Project in Azerbaijan was officially put into operation, with DEC providing four F-class waste heat boilers and their auxiliary equipment for the project.



The Buka Photovoltaic Project in Uzbekistan successfully achieved full-capacity grid connection and set a new construction record for large-scale photovoltaic projects of its kind in the country.



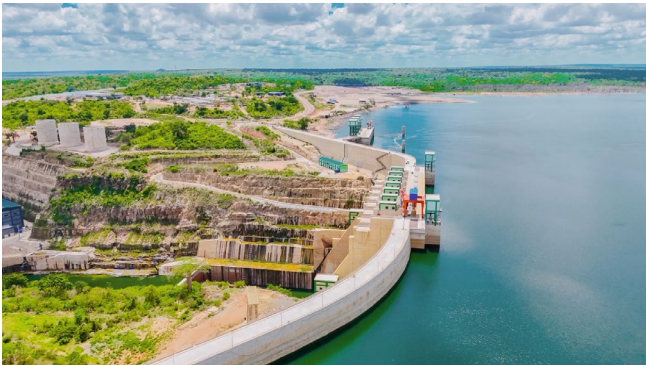
Nigeria's largest diesel-photovoltaic-storage integrated energy project was officially put into commercial operation. The completion and operation of this power station not only effectively alleviated the local power shortage but also injected strong impetus into the local sustainable development.



The three units of the Sebzor Hydropower Station in Tajikistan achieved "three consecutive commissionings in three days" and were all connected to the grid for power generation.

The Julius Nyerere Hydropower Station, the largest hydropower station in Tanzania, was officially put into operation.

In 2025, the Julius Nyerere Hydropower Station in Tanzania was officially completed and put into operation. With a total installed capacity of 2,115 MW and an annual power generation capacity of 6.3 billion kWh, accounting for over 40% of Tanzania's total national power generation, it is one of the largest hydropower stations in Tanzania and even in Africa. It is also China's largest one-time export hydropower project in terms of capacity and has been listed as a key power project prioritized for development in the country.



The Julius Nyerere Hydropower Station Project in Tanzania

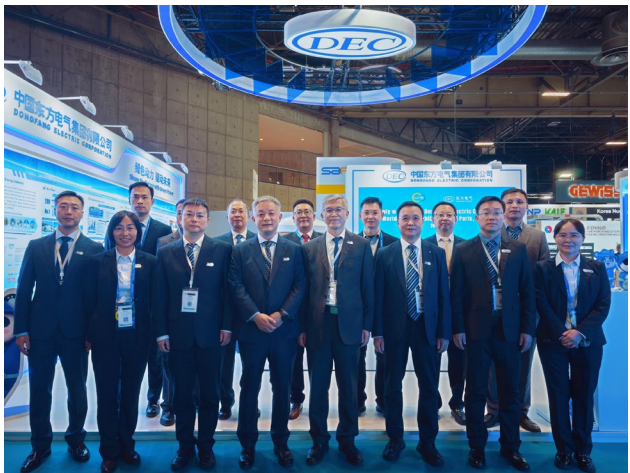
International exchange

The Company actively aligns with the national trend of high-level opening-up, upholds the concept of win-win cooperation, deepens its global business layout and resource integration and strengthens communication and exchanges with global partners. During the reporting period, DEC made its debut at the World Nuclear Exhibition in France and continued to promote "Made by DEC" to the global stage.

DEC successfully held the Clean Energy and Sustainable Development Summit Forum in Vietnam

In April 2025, the DEC Clean Energy and Sustainable Development Summit Forum was held in Hanoi, Vietnam. Advanced technologies and solutions from six subsidiaries, including DEC Machinery, DEC Turbine, DEC Boiler, DEC Wind, DEC International and Dongfang Electric Autocontrol Engineering, were showcased. During the forum, experts from DEC delivered speeches on topics such as clean and efficient thermal power, advanced nuclear power, renewable energy and hydrogen energy storage technologies. Three parallel sub-forums were also held to specifically output energy solutions tailored to the Vietnamese market.

DEC made its debut at the World Nuclear Exhibition in France, showcasing its "hardcore" strength on the international stage.



Debut at the 2025 World Nuclear Exhibition in France

In November 2025, DEC organized its participation in the 2025 World Nuclear Exhibition (WNE) held at the Paris Nord Villepinte Exhibition Center. During the exhibition, the Company signed a service and maintenance agreement with Arabelle Solutions for the steam turbine generator sets of the Taishan EPR Project, further deepening cooperation on the Taishan EPR Project.

Extended reading: World Nuclear Exhibition (WNE)

As the world's largest and most influential global exchange platform in the nuclear energy sector, the WNE attracts over 1,000 enterprises from 80 countries and regions worldwide to participate. Organized by the French Association of Nuclear Industry Exporters, the World Nuclear Exhibition is one of the largest and most influential professional expos in the global nuclear energy sector.

Indicators and goals

The Company has set phased and quantifiable goals to promote high-quality development in overseas operations and actively worked towards achieving these goals during the reporting period.

Indicator	Medium and long-term objectives	Progress during the reporting period
Industry ranking	Ranked steadily in the top 100 of ENR's list of the world's largest 250 international contractors	Ranked steadily in the top 100 of ENR's list of the world's largest 250 international contractors
Number of global regional operation centers established	Entered 5 new countries and regions and established 6 global regional operation centers	Expanded presence to 2 new countries and regions, and continued to advance the development of overseas regional operation centers

Governance

Leading "Excellence" to Build a Solid Foundation for a New Journey of Long-Term Development

DEC adheres to advanced management concepts and has constructed a clearly structured and well-defined corporate governance architecture to continuously consolidate its governance foundation. We continuously deepen standardized operations, strengthen scientific governance, improve our commercial ethics, risk management, audit supervision and legal system construction, and are committed to enhancing our corporate governance level and enterprise value to lay a solid foundation for the Company's long-term development.

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Board governance Communication with stakeholders

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Compliance management

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Anti-commercial bribery and anti-corruption Anti-unfair competition

UN's Sustainable Development Goals (SDGs)



Building a Solid Governance Foundation and Long-Term Mechanisms

DEC has established a sound governance architecture and effective management processes, continuously improved the ESG governance capabilities of the Board of Directors, supported and maintained a fair and free market competition environment, actively engaged in communication with the capital market, continuously improved investor relations management, and attached importance to the protection of shareholders' rights and interests.



Board governance

In 2025, the Company held 11 meetings of the Board of Directors and 3 meetings of the Board of Shareholders. During the reporting period, referring to the requirements of the new *Company Law*, the Company formulated and issued three templates of the Articles of Association to guide its subsidiaries in comprehensively revising the Articles of Association and reforming the Board of Supervisors across all levels within the territory.

During the reporting period, the Company abolished the Board of Supervisors and entrusted the Audit and Risk Committee with the responsibilities of the Board of Supervisors to supervise the conduct of directors and senior management personnel in performing their duties, propose the dismissal of directors and senior management personnel who violate laws, administrative regulations, the Articles of Association or resolutions of the Board of Shareholders, and require directors and senior management personnel to make corrections when their conduct damages the Company's interests.

ESG government statement of Board of Directors

The Company has established an ESG governance architecture resolved by the Board of Directors, guided by the Strategic Development Committee, led by the responsible department and implemented by relevant units. At the same time, the Company has formulated the *Regulations on Environmental, Social and Corporate Governance (ESG) Management* to further strengthen its ESG management and comprehensively improve its ESG performance.

The Board of Directors considers the review of the *Environmental, Social and Governance Report* as one of the core aspects of fulfilling its oversight responsibilities, regularly conducting special reviews of the report. On April 29, 2025, the Board of Directors approved the *2024 Annual Environmental, Social and Governance Report*. During the meeting, the Board of Directors comprehensively listened to the management's report on key ESG performance achievements, focusing on identified shortcomings, risks faced, and the feasibility of improvement plans. Through in-depth discussions, the Board of Directors aims to ensure that the ESG strategy aligns with the Company's long-term development goals, supervise the management's relevant work, and drive continuous improvement in the Company's sustainable development capabilities.

Effectiveness evaluation of the Board of Directors

The Company strictly adheres to the *Measures for the Administration of Independent Directors of Listed Companies*, the *Shanghai Stock Exchange Listing Rules* and other regulations. Independent directors conduct annual self-assessments of their independence and submit the self-assessment results to the Board of Directors. The Board of Directors annually evaluates the independence of its incumbent independent directors and issues special opinions, which are disclosed simultaneously with the Company's annual report.

Diverseness in the Board of Directors

We are committed to constructing a diversified director structure to ensure that directors have different professional backgrounds. As of the end of the reporting period, the Company's Board of Directors consisted of 7 members, including 3 independent directors (accounting for 43%) and 1 female director. The members o the Board of Directors possess professional knowledge in areas such as energy transition, risk management, financial and auditing and international operations, enabling them to effectively identify and supervise ESG-related risks and opportunities.

Meetings of Board of Shareholders and Board of Directors

The Company convenes the meetings of Board of Shareholders in strict accordance with the *Articles of Association* and *Rules of Procedure for Meetings of Board of Shareholders*, and makes decisions on the revision of the Articles of Association, dividend distribution, change of directors and other matters. During the reporting period, the Company held three meetings of Board of Shareholders, one A-share meeting of Board of Shareholders and one H-share meeting of Board of Shareholders, and 15 proposals were deliberated. The Company actively creates conditions for shareholders to participate in the meeting of Board of Shareholders, fully considers the convenience of small- and medium-sized shareholders to participate in the meeting of Board of Shareholders, provides convenience for small- and medium-sized shareholders to participate in the meeting of Board of Shareholders, and offers necessary time for them to communicate with the Company's directors and senior management. The Company organizes and holds the meeting of Board of Directors in strict accordance with legal procedures. During the reporting period, the Company held 11 meetings of Board of Directors. A total of 64 proposals were discussed and studied, including 58 proposals for deliberation and 6 proposals for reporting.

Indicators	Unit	2023	2024	2025
Hold the meeting of Board of Shareholders	Time	5	4	3
Hold the meeting of Board of Directors	Time	11	13	11

Compensation and stock incentives

The compensation of senior management personnel of the Company is determined based on company performance, individual job responsibilities, annual performance evaluations, and term-based performance assessments. For performance evaluation of senior management, quality, efficiency, technological innovation, safety, environmental protection, energy conservation and emission reduction indicators are taken as key contents. Their completion directly affects the annual performance evaluation results, which are directly applied to the determination of annual compensation.

Senior management compensation is linked to the achievement of key ESG performance indicators

- ▶ The carbon dioxide emissions per RMB 10,000 of operating revenue are required to achieve a reduction of **1.7%** or more compared to 2024;
- ▶ The combined weight of indicators related to environmental governance and clean energy accounts for **10%** to **50%** of an individual's total;
- ▶ Accelerate development in clean energy markets such as wind power, hydrogen energy and new energy storage, achieve order targets, and require corresponding market shares or key breakthroughs in areas such as flue gas denitrification, thermal seawater desalination, biomass/waste power generation and industrial solid waste treatment;
- ▶ Complete approval/approval/filing targets for clean new energy resources;
- ▶ Actively promote the development of the nuclear energy industry and achieve corresponding targets in newly effective contracts, market share and quality supervision.

Related party transaction management

The Company adheres to the *Shanghai Stock Exchange Listing Rules, the Self-Regulatory Guidelines for Listed Companies No. 5 - Transactions and Related Party Transactions and the Hong Kong Stock Exchange Main Board Listing Rules*. The General Meeting of Shareholders approve the Management Measures for Related Party Transactions, which clarifies the management responsibilities of the General Meeting of Shareholders, the Board of Directors, the President's Meeting and relevant functional departments, and stipulates connected transaction items, pricing principles, review procedures, information disclosure, etc. to ensure that the Company's related party transactions comply with the principles of impartiality, fairness and openness, guarantee their fairness, protect the legitimate rights and interests of the Company's shareholders and creditors, and safeguard the interests of investors, especially small and medium-sized investors. The specific work of related party transaction management shall be centrally managed by the Office of the Board of Directors, coordinated by the Legal and Risk Control Department and the Finance Department, and implemented by all subsidiaries and branches.

Stakeholder communication

As an A+H share listed company, the Company attaches great importance to communication with various stakeholders, continuously broadens communication channels, enhances the quality of communication, actively responds to market concerns, and consistently conveys signals of the Company's stable operation and long-term value to the capital market.

During the reporting period, the Company engaged in communication with over 300 person-times of investors, industry analysts and research institutions through formats such as earnings briefings, roadshows, reverse roadshows and conference calls.

Protection of investors' rights and interests

The Company attaches great importance to communication with the capital market, continuously improves investor relations management, formulates the *Regulations on Investor Relations Management*, strengthens effective communication between the Company and investors, enhances investors' understanding and recognition of the Company, and improves the governance level and overall enterprise value of the listed company.

Timely response to investor demands

Prior to the convening of the General Meeting of Shareholders, and following information disclosure requirements, the Company maintains open and extensive communication with investors, actively seeking their opinions and suggestions. In addition to on-site voting, the Company also offers online voting channels to ensure wider shareholder participation. The Office of the Board of Directors regularly reports investors' various demands raised to the Company to the Board Secretary and organizes relevant departments to handle them in accordance with the law and promptly reply to investors.

Broadening investor communication channels

The Company has established dedicated hotlines, fax numbers, and email addresses for investor communication, with designated personnel responsible for maintaining smooth communication during working hours.

Indicator	Unit	2023	2024	2025
Information disclosure in public channel	Pcs	584	416	264
Holding earnings announcements	Number	4	3	3

DEC held its 30th anniversary of listing and performance conference

In November 2025, DEC held its 30th anniversary of listing and performance conference in Chengdu. More than 90 guests from institutions such as CITIC Securities and CICC, as well as media reporters, attended the event. At the meeting, the Company's management introduced the operating situation in the third quarter of 2025 and fully communicated with investors on issues of concern such as the "15th Five-Year Plan", the development of strategic emerging industries and production and operation plans. The event aimed to further strengthen communication with various parties in the capital market, comprehensively showcase the Company's operating results and industrial layout, and enhance investors' understanding of the Company's strategic direction, development model and value creation capabilities.



Investors visit the DEC Science and Technology Exhibition Hall



Performance conference site



Hold the 2nd Interim Shareholders' Meeting of 2025

Consolidating the Foundation of Compliance and the Frontline of Risk Prevention

DEC adheres to the concept of integrity-based operations and strives to integrate compliance management into the entire business process, aiming to become an industry benchmark with sound governance, standardized operations, integrity and law-abiding principles. In terms of risk prevention and control, the Company continuously improves its risk management system, identifies, assesses, analyzes risks based on its operating environment, manages and responds to them through appropriate methods.



Compliance management

The Company has constructed a comprehensive compliance organization model consisting of "1 chief compliance officer + N compliance management leaders in business segments + X frontline compliance specialists" and continuously updates and publishes the *Legal and Regulatory Database*, the *Compliance Obligations List*, and the *Job Description List* to internalize external regulations into business management requirements.

During the reporting period, the Company carried out a solid evaluation of the effectiveness of the compliance system, with 14 enterprises achieving an average score of 94.8 points in the system evaluation, indicating a continuous improvement in compliance operation levels.

Compliance culture construction

During the reporting period, the Company continuously carried out regular and systematic compliance training, holding three compliance lectures covering enterprises at all levels throughout the year, with more than 1,600 participants. It organized 20 legal compliance training sessions for service enterprises, covering areas such as the commercialization of scientific and technological achievements, intellectual property risk prevention and foreign-related legal compliance, with 1,429 participants.

Indicator name	Unit	2023	2024	2025
Investment in law observance and compliance training	RMB 10,000	58	62	65
Number of law observance and compliance training participants	Persons	13,000	13,500	14,200
Business contract review rate	%	100	100	100



Training for high-end legal risk control compliance talents and foreign-related legal professionals



Legal compliance consulting service base



Training on the *Guidelines for China's Export Control and Anti-Foreign Sanctions Compliance*



Training on the promotion of the *Trademark Management Measures*

Risk prevention and control

The Company continuously improves its risk management mechanism, formulates the *Risk Management Regulations*, and regularly organizes annual identification of key risks, implementing quarterly monitoring and dynamic management and control of the identified key risks.

During the reporting period, the Company issued the *Measures for Performance Traceability of Risk Losses in Major Contracts*, promoting the transformation of contract risk management and control from post-remediation to a whole-process, traceable and hard-constrained approach.

Tax transparency

The company strictly complies with applicable laws and regulations, including the *Corporate Income Tax*, *Value-added Tax Law*, and other relevant tax statutes, fully fulfilling its tax obligations as a responsible corporate taxpayer. Key taxes applicable to DEC's operations include value-added tax (VAT), urban maintenance and construction tax, corporate income tax, property tax, among others, and all tax rates are implemented in accordance with national regulations.

DEC discloses detailed tax information annually in its financial statements, including applicable tax rates, tax incentives, and their legal basis. Information on taxes payable is also included in the Company's regularly issued financial reports, further enhancing transparency in tax-related matters. For more details, please refer to the Company's annual financial reports.

Work safety

The Company strictly complies with the *Law of the People's Republic of China on Work Safety* and the *Management Measures for Work Safety Accident Emergency Plans* and actively establishes and improves work safety management evaluation guidelines and positive incentive mechanisms to build a solid frontline for work safety. Meanwhile, leveraging professional resources, the Company strengthens work safety, emergency management training and drills, and organizes various themed safety training activities.

Safety management

In 2025, the Company continued to strengthen the construction of its safety management team, with 320 full-time safety management personnel company-wide, including 119 certified safety engineers, accounting for 37.2%, an increase of 4.3 percentage points year-on-year.

During the reporting period, the Company held the 2025 "Work Safety Month" special training course, launched the "Fire Warning Education Special Training Course" and other series of safety training and education activities, with a total of 150,000 learning participants. It also organized 76 safety management personnel, including deputy heads in charge of work safety, heads of safety management departments and management backbones from various units, to participate in safety management capability improvement training.



Organizing safety management capability improvement training



The safety emergency science popularization sitcom Rewind created by DEC Machinery was broadcast centrally in Sichuan Province



DEC Heavy Machinery organized a "Team Leaders Talk about Safety" skill competition



Safety culture construction

The Company strengthens safety warning education for all employees, enhances their sense of safety responsibility, and creates a safety culture environment of participation and co-governance by all employees through themed activities such as Work Safety Month and Fire Prevention Month, as well as organizing the viewing of warning education films such as the *Bell of Work Safety Always Rings*.

In 2025, the Company held a meeting of the Nuclear Safety Culture Office and a nuclear safety culture seminar.



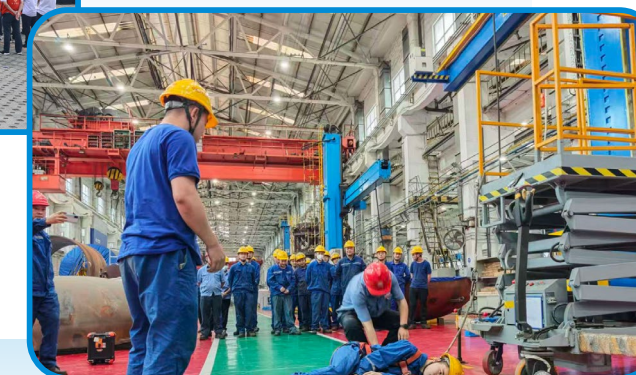
In 2025, the Company continued to promote the systematic and standardized management of nuclear safety culture construction. It organized various activities such as nuclear safety culture seminars, quality warning and shocking education activities for the nuclear energy industry, quality management improvement special training and nuclear safety level assessments for middle-level personnel to strengthen and enhance the nuclear safety culture awareness of key personnel.

Emergency management

During the reporting period, the Company organized its affiliated enterprises to improve their emergency plan systems in accordance with the *Management Measures for Emergency Plans* and carried out more than 320 company-level emergency drills, including confined space rescue, earthquake evacuation, flood and heat prevention and fire fighting.



Holding the first emergency rescue team job skill competition and drill activities



Conducting emergency drills

Strictly Adhering to Commercial Ethics and the Bottom Line of Integrity

DEC always adheres to the bottom line of commercial ethics, firmly opposes any form of unfair competition, and resolutely resists improper practices that leverage unfair means to gain competitive advantages, striving to promote the healthy and orderly development of the industry. Meanwhile, the Company emphasizes integrity building and constructs a solid defense line through Party discipline education and integrity activities to safeguard the Company's development.

Anti-commercial bribery and anti-corruption

The Company adopts a zero-tolerance attitude towards any corrupt practices. It has formulated the *Working Procedures for Handling Whistleblowing and Complaints by Disciplinary and Supervisory Bodies*, specifying reporting channels, acceptance procedures and whistleblower protection policies.



Reporting channels

All stakeholders can report by mail, phone, online reporting, or in-person at designated reception venues of discipline inspection and supervision organizations at all levels.



Acceptance procedures

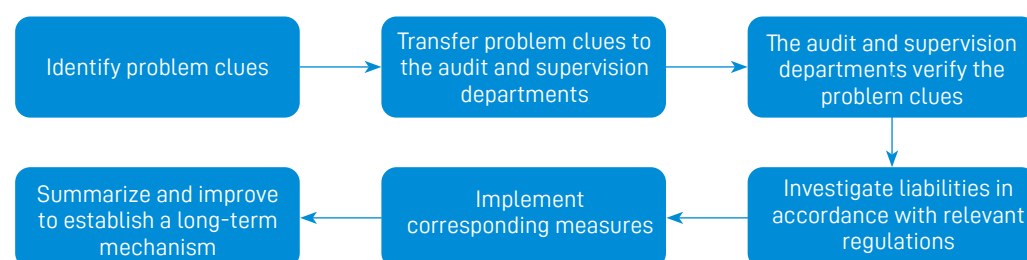
After initial screening, reports falling under the jurisdiction of each discipline inspection and supervision body will be transferred to the investigation and review department. Repeated reports will be registered as required and archived for future reference, with regular updates provided to relevant departments. Designated personnel are responsible for managing reports, registering each case individually and maintaining detailed records.



Whistleblower protection

It is clearly stipulated that any act of disclosing whistleblower identity or content of complaints, or forwarding complaint materials to the reported party, will be strictly handled in accordance with regulations and discipline. In cases involving violations of official duties or crimes, legal accountability will be pursued in accordance with the law.

Reporting procedures



Channels for reporting suspected violations of regulations, laws and discipline

Tel: 028-87898019

Email: jjxfjb@dongfang.com

Address: No. 18, Xixin Avenue, High-tech West Zone, Chengdu, Sichuan Province

Office hours: weekdays, 8:30-17:00

Integrity culture construction

During the reporting period, the company intensified its efforts in warning and educational activities, held an annual warning and education conference, and publicized typical cases. The Company produced and released the warning education film *The Price of Overstepping Boundaries*, and conducted over 40 warning education sessions at all levels. The Company organized a series of distinctive integrity culture-building activities, creating a "1+N" integrity culture cluster consisting of the Integrity DEC Exhibition Hall, enterprise-level micro-integrity culture positions, and themed integrity culture exhibitions, comprehensively strengthening the integrity awareness of key position personnel.

Strengthening design supervision

During the reporting period, the Company carried out anti-corruption and business ethics as the key contents of audit supervision in accordance with regulations such as the *Management Measures for the Economic Responsibility Auditing of Leading Personnel* and the *Management Regulations on Accountability for Violations in Business and Investment*. Problem clues related to integrity and violations of disciplines and regulations involving relevant personnel discovered during the audits were transferred to the discipline inspection and supervision departments as required.

Anti-unfair competition

The Company has always adhered to lawful and compliant operations, strictly abiding by laws and regulations such as the *Anti-Monopoly Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, and resolutely opposing any form of unfair competition.

During the reporting period, the Company conducted two compliance training sessions focusing on key issues such as anti-monopoly risk identification, assessment, and prevention. It interpreted the *Anti-Monopoly Risk Compliance Guidelines* for 47 key position personnel, strengthening the awareness of fair competition and baseline thinking among all employees and guiding compliant business operations.

During the reporting period, no unfair competition incidents occur.

DEC organizes intellectual property guidelines training activities

In 2025, the Company organized a training and dissemination activity on the *Key Points of Intellectual Property Risk Compliance Guidelines*. It provided in-depth interpretations of the *Intellectual Property Risk Compliance Guidelines for the Entire Process of Scientific R&D*, and the *Intellectual Property Risk Compliance Guidelines for Foreign-Related Matters*, focusing on common intellectual property management issues and countermeasures. This helped employees understand and master relevant laws and regulations on trade secret protection, guided compliant business operations, and encouraged employees to consciously abide by the law.



Training of intellectual property guidelines

Future Prospect

Looking ahead, the Company will firmly grasp the new mission and new positioning of state-owned central enterprises in the new era and new journey. Guided by the "15th Five-Year Plan". We will carry forward and promote the Spirit of Dongfang Turbine. Upholding the concept of openness and win-win cooperation, we will deepen our cooperation in the "Belt and Road" initiative, seize opportunities in energy equipment exports, and share the wisdom and solutions of "DEC" with the world, contributing to the global energy transition.

The Company will anchor our efforts to the "dual carbon" goals and promote the green and low-carbon transformation of industries. We will consolidate our leading position in the solar thermal industry, actively build an integrated hydrogen energy solution model, increase investment in new energy storage, and support the development of the clean energy industry. In the nuclear energy sector, we will expand diversified application scenarios such as heating, steam supply, seawater desalination and hydrogen production to promote clean and efficient energy utilization. By empowering green development through scientific and technological innovation, we will contribute to ecological and environmental protection.

From shore to shore it's wide at high tide. Let us set sail while the wind arises. Standing at the new starting point of the "15th Five-Year Plan", DEC will demonstrate greater commitment with a firmer belief and more vigorous spirit, striving to be a "pacesetter" in three aspects: implementation of new development concept, innovation-driven development and implementation of major national strategies and making greater contributions in serving the overall work of the Party and the country. We will continue to strengthen the tackling of key core technologies, accelerate the development of new quality productive forces, and continuously enhance our core competitiveness. All employees of DEC will work hand in hand, ride the momentum, and steadfastly advance toward the goal of building a first-class enterprise group with core competitiveness, contributing more "DEC" strength to Chinese path to modernization!

Annex

Key performance

Financial performance

Indicator name	Unit	2023	2024	2025
Total assets	RMB 100 million	1,211.08	1,420.09	1626.74
Total operating revenue	RMB 100 million	606.77	696.95	786.15
Total profit	RMB 100 million	40.06	38.84	47.85
Total taxes	RMB 100 million	21.89	29.96	33.65
Owners' equity	RMB 100 million	412.20	431.42	481.68
Net profit	RMB 100 million	36.88	32.88	39.66
Earnings per share	RMB/share	1.14	0.94	1.15

Environmental performance

Level I indicator	Level II indicator	Unit	2023	2024	2025
Pollutant emissions	SO ₂ emission	Ton	159.40	160.80	161.90
	Economic intensity of sulfur dioxide emission	Ton/RMB 10,000	0.000026	0.000023	0.000021
	Production intensity of sulfur dioxide emission	Tons/10,000 kW power generation equipment output	0.0361	0.0277	0.0203
	VOC emissions	Ton	15.80	16.50	16.70
	Production intensity of VOCs emission	Tons/10,000 kW power generation equipment output	0.00358	0.00284	0.00209
	NO _x emission	Ton	276.30	265.30	263.50
	Economic intensity of nitrogen oxide emission	Ton/RMB 10,000	0.000046	0.000038	0.000034
	Production intensity of nitrogen oxide emission	Tons/10,000 kW power generation equipment output	0.0626	0.0457	0.033
	Total wastewater discharge	10,000 tons	134.60	127.50	132.20
	Density of waste water emission	Ton/RMB 10,000	0.2218	0.1827	0.1681

Level I indicator	Level II indicator	Unit	2023	2024	2025
Pollutant emissions	Production intensity of wastewater discharge	10,000 tons/10,000 kW power generation equipment output	0.0305	0.0219	0.0165
	Ammonia nitrogen emission	Ton	66.90	65.80	65.40
	Economic intensity of ammonia nitrogen emission	Ton/RMB 10,000	0.00001	0.000009	0.000008
	Production intensity of ammonia nitrogen emission	Tons/10,000 kW power generation equipment output	0.0152	0.0113	0.0082
	COD emission	Ton	274.70	270.60	269.00
	Economic intensity of COD emission	Ton/RMB 10,000	0.000045	0.000039	0.000034
	Production intensity of COD emission	Tons/10,000 kW power generation equipment output	0.0623	0.0466	0.0337
Response to climate change	Greenhouse gas emissions	10,000 tons	27.49	29.50	31.20
	Greenhouse gas emission density	Ton/RMB 10,000	0.045	0.041	0.040
	Direct greenhouse gas emissions (scope 1)	10,000 Tons of CO _{2e}	8.10	8.50	7.70
	Economic intensity of direct greenhouse gas (Scope 1) emissions	Tons of CO _{2e} /RMB 10,000	0.0133	0.0122	0.0098
	Direct greenhouse gas (Scope 1) emissions per unit of production	Tons of CO _{2e} per 10,000 kW of power generation equipment output	18.36	14.63	9.63
	Indirect greenhouse gas emissions (scope 2)	10,000 Tons of CO _{2e}	19.40	21.00	23.40
	Economic intensity of indirect greenhouse gas (Scope 2) emissions	Tons of CO _{2e} /RMB 10,000	0.0320	0.0300	0.0298
	Production intensity of indirect greenhouse gas (Scope 2) emissions	Tons of CO _{2e} / 10,000 kW of power generation equipment output	43.98	36.15	29.27
	Scope 3 greenhouse gas emission	10,000 Tons of CO _{2e}	/	143.4	304.70 ⁹
	Economic intensity of greenhouse gas emissions in Scope 3	Tons of CO _{2e} /RMB 10,000	/	0.1823	0.3873
	Production intensity of greenhouse gas emissions in Scope 3	Tons of CO ₂ equivalent/ 10,000 kW power generation equipment output	/	246.85	381.18
	Economic intensity of carbon emissions	Tons of CO _{2e} /RMB 10,000	0.045	0.042	0.040
	Production intensity of carbon emissions	Tons of CO _{2e} per 10,000 kW of power generation equipment output	62.32	50.78	39.03

9: The sharp increase in raw material consumption due to the enhancement of production capacity has resulted in a significant rise in data.

Level I indicator	Level II indicator	Unit	2023	2024	2025
Waste treatment	Non-hazardous waste discharge	Ton	28,066.50	32,008.80	37,019.00
	Economic intensity of non-hazardous waste emissions	Ton/RMB 10,000	0.0046	0.00459	0.00471
	Production intensity of non-hazardous waste emissions	Tons/10,000 kW power generation equipment output	6.36	5.51	4.63
	Hazardous waste discharge	Ton	2,496.60	7,163.50	11,408.60
	Economic intensity of hazardous waste emissions	Ton/RMB 10,000	0.0004	0.001	0.00145
	Compliance disposal rate of hazardous waste	%	100	100	100
	Total quantity of recycled waste	Ton	17,490.00	27,540.00	33,591.10
	Recyclable waste ratio	%	62.32	86.04	90.74
Environment compliance management	Proportion of environmental management system certifications	%	100	100	100
	Major and above environmental pollution incidents	Number	0	0	0
	Environmental protection training coverage	%	100	100	100
	Environmental protection training participants	Persons	373,259	184,034	163,775
	Total environmental investment	RMB 10,000	6,251	5,855	4,096
Energy utilization	Comprehensive energy consumption	Ton of standard coal	93,013	99,094	112,438.6
	Economic intensity of comprehensive energy consumption	Ton of standard coal/RMB 10,000	0.0150	0.0142	0.0141
	Production intensity of comprehensive energy consumption	Ton of standard coal/10,000 kW power generation equipment output	21.09	17.06	14.07
	Electricity	10,000 KWH	33,115.40	36,423.30	41,794.00
	Natural gas	10,000 m ³	3,654.30	3,812.40	4,196.00
	Gasoline	Ton	575.440	553.220	425.990
	Diesel oil	Ton	486.880	455.220	565.00
	Consumption of new energy, renewable energy, or clean energy	10,000 KWH	16,536.38	22,466.23	21,960.48
	Proportion of renewable energy consumption	%	44.10	50.90	43.80
	Green electricity procurement volume	10,000 KWH	15,588.880	21,429.00	20,321.00

Level I indicator	Level II indicator	Unit	2023	2024	2025
Water resource utilization	Total water consumption	10,000 tons	344.50	370.70	386.00
	Production intensity of total water consumption	10,000 tons/10,000 kW power generation equipment output	0.0781	0.0638	0.0483
	Economic intensity of total water consumption	Ton/RMB 10,000	0.568	0.532	0.491
	Repeated water consumption	Ton	10,131,000	12,076,706	12,777,128
	Production intensity of reuse water	10,000 tons/10,000 kW power generation equipment output	0.2297	0.2079	0.1598
Recycling economy	Economic intensity of packaging material consumption	Ton/RMB 10,000	0.0024	0.0025	0.0024
	Production intensity of packaging material consumption	Tons/10,000 kW power generation equipment output	3.30	2.99	2.38
	Packaging material consumption	Ton	14,549	17,359	19,040
	Wooden box	Ton	7,608	9,764	10,387
	Carton	Ton	350	184	88
	Plastic	Ton	264	331	140
	Channel steel	Ton	6,084	6,710	8,251
	Other materials	Ton	244	370	174

Note: Explanation for the increase in hazardous waste emissions: Some enterprises in Sichuan have experienced an increase in hazardous waste due to strengthened local environmental regulation and the impact of waste oil disposal from the phasing-out of old equipment in individual enterprises.

Social performance

Level I indicator	Level II indicator	Unit	2023	2024	2025
Employee management	Total employees	Person	17,426	18,033	18,753
	Male employees	Person	14,463	15,014	15,713
	Female employees	Person	2,963	3,019	3,040
	Contract employees	Person	17,426	18,033	18,753
	Part-time/agreement employees	Person	99	85	116
	Number of labor dispatched employees	Person	588	498	479
	Employee statistics by age group (persons): Number of employees aged 35 and under	Person	5,715	6,066	6,447
	Employee statistics by age group (persons): Number of employees aged over 35	Person	11,711	11,967	12,306
	Employee statistics by region (persons): Chinese employees	Person	17,423	18,027	18,747
	Employee statistics by region (person) Overseas employee	Person	3	6	6
	Labor contract signing rate	%	100	100	100

Level I indicator	Level II indicator	Unit	2023	2024	2025
Employee	Coverage of social insurance	%	100	100	100
	Proportion of women in management	%	11.11	11.48	12.39
	Proportion of employees from minority groups	%	/	/	2.66
	Number of employees from minority groups	Person	/	/	499
	Employee training satisfaction	Score	98.40	98.43	98.85
	Number of employee turnover by gender: male	Person	155	158	172
	Number of employee turnover by gender: female	Person	40	30	46
	Employee turnover (persons)	Person	195	188	218
	Employee turnover rate	%	1.11	1.04	1.16
	Number of employee training activities	Number	/	/	3,689
	Number of employee training participants	Persons	151,371	170,524	150,836
	Investment in employee training	RMB 10,000	5,060.92	6,580	5,837.31
	Percentage of female employees trained	%	/	100	100
	Percentage of male employees trained	%	/	100	100
	Percentage of senior management trained	%	/	100	100
	Percentage of middle management trained	%	/	100	100
	Total training duration of employees	Hour	/	/	1,360,556.5
	Average training hours per employee	Hour	/	/	72.55
	Average training hours per female employee	Hour	/	/	70.71
	Average training hours per male employee	Hour	/	/	72.91
Supply chain security	Total suppliers	Number	15,576	18,444	19,406
	New suppliers	Number	3,376	3,227	7,173
	Domestic suppliers	Number	14,798	17,449	18,261
	Proportion of domestic suppliers	%	95.00	94.60	94.10

Note: In 2025, the statistical methodology for the training percentage for female employees/male employees/mid-level management/senior management was adjusted as follows: Training percentage for (female employees/male employees/mid-level management/senior management) = (Number of trained female employees/male employees/mid-level management/senior management) / (Total number of female employees/male employees/mid-level management/senior management) × 100%. In 2023, the denominator was the total number of employees. Due to the inconsistency in the statistical methodology, the data is not disclosed.

Level I indicator	Level II indicator	Unit	2023	2024	2025
Product and service safety and quality	Coverage of quality management system certifications	%	100	100	100
	Number of quality management system certifications	Nos	10	10	10
	Number of quality training sessions	Number	211	249	1,037
	Participants in quality training activities	Person	27,819	18,034	33,859
	Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0	0	0
Occupational health and safety	Incidence rate of occupational diseases among employees	%	0.00045	0.008	0.00013
	Physical examination rate of employees	%	100	100	100
	Number of employee participations in occupational health training	Persons	373,259	184,034	163,775
	Safety education and training sessions (times)	Number	/	5,697	1,350
	Number of person-times involved in training on work safety	Persons	373,259	184,034	163,775
	Safety incidents with significant adverse impacts on society and the Company	Pcs	0	0	0
	Serious and above work safety accidents	Nos.	0	0	0
	Work-related deaths (persons)	Person	0	0	0
	Number of work-related working day lost	Person-day	0	0	0
	Work safety investment	RMB 100 million	1.70	1.50	1.45
	Emergency drills (times)	Number	500	830	326
	Emergency drills participants (persons)	Person	2,111	2,420	3,500
Social contribution	Voluntary activity participants (persons)	Persons	13,977	16,559	12,900
	Number of voluntary service activities participated	Times	1,209	2,085	1,290
	Total amount of external donations	RMB 10,000	2,427.00	2,590.00	2,686.87
Rural revitalization	Total investment in rural revitalization	RMB 10,000	2,218.37	2,503.11	2,596.06
	Counties receiving paired assistance (number)	Nos	2	2	2

Indicator Index

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Level I indicator	Level II indicator	Unit	2023	2024	2025
Innovation-driven	R&D investment	RMB 100 million	33.86	38.16	38.81
	Proportion of R&D investment in clean technologies	%	45.75	44.44	43.85
	Growth rate of R&D investment in clean technologies	%	26.72	9.50	0.69
	R&D personnel	Person	4,274	4,272	4,493
	Number of valid patents	Nos	3,828	4,053	4,572
	Valid invention patents	Nos	1,548	1,777	2,140
	Number of newly added valid patents	Nos	545	507	698
	Number of newly added invention patents	Nos	256	205	358
	Number of national-level R&D platforms	Nos	4	4	4
	Number of provincial and ministerial-level R&D platforms	Nos	12	15	17
Data security and customer privacy protection	Conduct training on data security and privacy protection	Numbe	2	2	4

Governance performance

Level I indicator	Level II indicator	Unit	2023	2024	2025
Board governance	Female directors	Person	0	1	1
	Information disclosure in public channel	Pcs	584	416	264
	Holding earnings announcements	Number	4	3	3
	Meeting of Board of Directors	Number	11	13	11
	Convening meetings of the Board of Shareholders	Number	5	4	3
Compliance management	Investment in compliance training	RMB 10,000	58	62	65
	Number of participants in compliance training	Persons	13,000	13,500	14,200
	Review rate of economic contracts	%	100	100	100
	Conduct training on antitrust and fair competition	Number	/	/	2
	Number of audits	Number	82	70	70
	Special audits	Number	3	4	4

Topic	Performance indicators	Sections cited/ description
Mandatory disclosure provisions		
Management and governance framework		P9-10
Report principle		P7-8
Report scope		P7-8
Part C: "Comply or explain" provisions		
Major category A--Environment		
A1 Emission	General disclosure: policies on air emissions, discharges into water and land, generation of hazardous and non-hazardous waste, and compliance with relevant laws and regulations that have a significant impact on the issuer. Note: Air emissions include nitrogen oxides, sulfur oxides, and other pollutants regulated by national laws and regulations. Hazardous waste refers to waste as defined under national regulations.	P24-26
	A1.1 The types of emissions and respective emissions data.	P25-26
	A1.2 Total hazardous waste produced (in tonnes) and, if applicable, its intensity (e.g., per unit of production, per facility).	P25-26
	A1.3 Total non-hazardous waste produced (in tonnes) and, if applicable, its intensity (e.g., per unit of production, per facility).	P26
	A1.4 Description of emission reduction targets set and steps taken to achieve those targets.	P23、 P25
	A1.5 Description of methods for handling hazardous and non-hazardous waste, and of waste reduction targets set and steps taken to achieve those targets.	P26
A2 Use of Resources	General disclosure: policies about effective resource utilization (including energy, water, and other raw materials) Note: Resources may be used in production, storage, transportation, buildings, electronic equipment, etc.	P29-34
	A2.1 Direct and/or indirect energy consumption by type (e.g., electricity, gas, or oil) in total (in 1,000 kWh) and intensity (e.g., per unit of production, per facility).	P31
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P33
	A2.3Description of energy use efficiency target(s) set and steps taken to achieve those targets.	P30-32
	A2.4 Description of any issues in sourcing water and water efficiency targets set and steps taken to achieve those targets.	P33
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, concerning per unit produced.	P34-35
A3 Environment and Natural Resources	General disclosure: policies about reducing the issuer's major impact on the environment and natural resources.	P27-28
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P28
Major category B--Social		

Topic	Performance indicators	Sections cited/ description
Employment and labor rule		
B1 Employment	General disclosure: information on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, and compliance with relevant laws and regulations that have a significant impact on the issuer.	P52-58
	B1.1 Total workforce by gender, employment type (for example, full-or part-time), age group, and geographical region.	P54-55
	B1.2 Employee turnover rate by gender, age group, and geographical region.	P55
B2 Health and Safety	General disclosure: policies about providing a safe working environment and protecting employees from occupational disease hazards, and data about compliance with appropriate laws and regulations that have a major impact on the issuer.	P62-63
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P104
	B2.2 Lost days due to work injury.	P104
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P62-63
B3 Development and Training	General disclosure: policies about improving the employees' knowledge and skills in performing work responsibility. Description of training activities. Note: Training refers to vocational training and may include internal courses paid by the employer.	P60-61
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P60
	B3.2 The average training hours completed per employee by gender and employee category	P103
B4 Labour Standards	General disclosure: policies about preventing child labor or forced labor, and data about compliance with appropriate laws and regulations that have a major impact on the issuer.	P54
	B4.1 Description of measures to review employment practices to avoid child and forced labor.	Not involved
	B4.2 Description of steps taken to eliminate such practices when discovered.	Not involved
Operation practice		
B5 Supply Chain Management	General disclosure: policies about managing the environmental and social risks of the supply chain.	P64-69
	B5.1 Number of suppliers by geographical region.	P67
	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.	P66-67
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P68-69
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	P68

Topic	Performance indicators	Sections cited/ description
B6 Product Responsibility	General disclosure: policies about providing health and safety, advertisement, labels, privacy matters, remedial measures, and data about compliance with appropriate laws and regulations that have a major impact on the issuer.	P72-75
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable for our company's product.
	B6.2 Number of products and service-related complaints received and how they are dealt with.	P75
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	P49
	B6.4 Description of quality assurance process and recall procedures.	P72-73
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P51
B7 Anti-corruption	General disclosure: policies about preventing bribery, blackmail, fraud, and money laundering, and data about compliance with appropriate laws and regulations that have a major impact on the issuer.	P94-96
	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.	/
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P94-95
	B7.3 Description of anti-corruption training provided to directors and staff.	P95-96
Community		
B8 Community Investment	General disclosure: policies of understanding the requirement of the community of the operating site and the community interest to be considered for ensuring business activity through community participation.	P76-79
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	P76-79
	B8.2 Resources contributed (e.g. money or time) to the focus area.	P77
Part D: Climate-related disclosures		
Climate-related disclosures	Governance: the issuer should disclose information about the governance bodies (such as the board, committees, or other equivalent governance bodies) or individuals responsible for overseeing climate-related risks and opportunities, and the management's role in monitoring, managing, and supervising these risks and opportunities.	P35-36
	Strategy: The issuer should disclose information enabling understanding of climate-related risks and opportunities reasonably expected to affect cash flows, access to finance, or cost of capital over the short, medium, and long term, and their current and anticipated impacts on the business model and value chain. Strategy and decision-making: the issuer should disclose how climate-related risks and opportunities impact its strategy and decision-making processes.	P37-40

SSE Guidelines for Sustainability Reporting

Topic	Performance indicators	Sections cited/ description
Climate-related disclosures	Risk management: (a) Processes and related policies for identifying, assessing, prioritizing, and monitoring climate-related risks. (b) Processes for identifying, assessing, prioritizing, and monitoring climate-related opportunities (including information on how the issuer can use climate-related scenario analysis to identify climate-related opportunities). (c) How these processes are integrated into the issuer's overall risk management framework and the extent.	P40-42
	Metrics and targets: (a) Total greenhouse gas (GHG) emissions: scope 1, scope 2, and scope 3 emissions. (b) Methods used to record greenhouse gas emissions: including the measurement methods, input data and assumptions used to quantify greenhouse gas emissions; the reasons for choosing such methodologies, input data, and assumptions; and any changes to methodologies, input data, and assumptions during the reporting period, along with reasons for such changes. (c) Disclosure of location-based scope 2 greenhouse gas emissions, and provision of any necessary contractual documentation to help understand these emissions. (d) The issuer discloses the categories included in the measurement of greenhouse gas emissions in Scope 3 based on those in Scope 3 described in the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	P42-44
	Climate-related transition risks: the amount and percentage of assets or business activities exposed to climate-related transition risks.	P38-39
	Climate-related physical risks: the amount and percentage of assets or business activities exposed to climate-related physical risks.	P37-38
	Climate-related opportunities: the amount and percentage of assets or business activities related to climate-related opportunities.	P39-40
	Capital allocation: capital expenditures, financing, or investments related to climate-related risks and opportunities.	P42
	Internal carbon pricing: whether and how the issuer applies internal carbon pricing in decision-making (e.g., investment decisions, transfer pricing, and scenario analysis), and the price per ton of GHG emissions used to assess the cost of emissions, or an appropriate negative statement confirming that the issuer does not apply carbon pricing in decision-making.	P44
	Remuneration: whether and how climate-related considerations are incorporated into remuneration policies, or provision of an appropriate negative statement.	P88
	Industry metrics: the issuer is encouraged to disclose industry metrics related to one or more specific business models and activities, or to common characteristics of the industries in which they operate. Reference can be made to the IFRS (S2) Climate-related Disclosures (hereinafter referred to as IFRS S2) and other international ESG reporting frameworks for industry-specific metrics relevant to the disclosure topic, and consideration should be given to their applicability.	P99-102
	Climate-related targets: the issuer is required to disclose qualitative and quantitative climate-related targets set to monitor progress in achieving their strategic objectives, as well as any targets mandated by laws or regulations, including GHG emission targets.	P32、 P44

Dimensions	SN	Topic	Sections cited/page
Environment	1	Response to climate change	P35-44
	2	Pollutant emissions	P24-25
	3	Waste treatment	P26
	4	Ecosystem and biodiversity protection	P28
	5	Environment compliance management	P23-24
	6	Energy utilization	P29-32
	7	Water resource utilization	P33
	8	Recycling economy	P34-35
Social	9	Rural revitalization	P76-77
	10	Social contribution	P77-79
	11	Innovation- driven growth	P47-50
	12	Scientific and technological ethics	Not involved
	13	Supply chain security	P64-69
	14	Equal treatment of SMEs	P69
	15	Product and service safety and quality	P72-75
	16	Data security and customer privacy protection	P51
	17	Employee	P52-63
Sustainability-related governance	18	Due diligence	/
	19	Communication with stakeholders	P11-14
	20	Anti-commercial bribery and anti-corruption	P94-96
	21	Anti-unfair competition	P96

FEEDBACK

Dear readers,

Thank you for reading the *DEC Environment, Social and Governance Report (2025)*. We highly value and hope to hear your feedback on DEC's environmental, social, and governance report. Your opinions and suggestions are important foundations for our ongoing ESG governance and practices. You can copy and fill out the form below and send it to us via email or fax. We warmly welcome and sincerely appreciate your valuable feedback!

Choice question (please check the applicable item)

1. Do you think this report reflects DEC's significant impacts on the economy, society, and environment?

☐ Yes

☐ Average

☐ No

2. Do you think the identification and analysis of stakeholders and their relationship with DEC are accurate and comprehensive?

☐ Yes

☐ Average

☐ No

3. Do you think the information disclosed in this report is comprehensive?

☐ Yes

☐ Average

☐ No

4. Do you think the information disclosed in this report is readable?

☐ Yes

☐ Average

☐ No

Open-ended questions

1. What additional information that you care about has not been disclosed in this report?

2. What improvements do you think could be made to this report?

E-mail: dsb@dongfang.com

Tel: 028-87583666