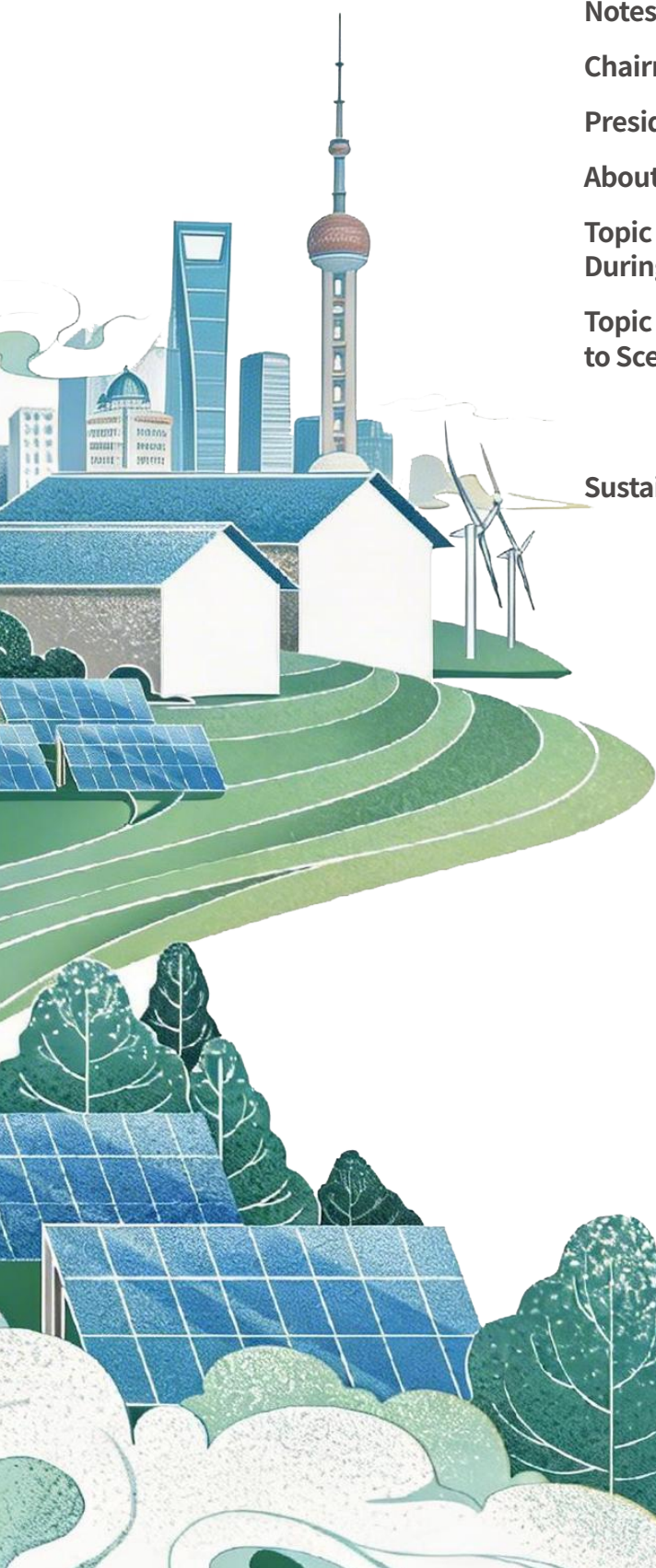




2025 Sustainability Report

Shanghai Electric Group Company Limited

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Notes for Report Preparation

Overview

Shanghai Electric Group Company Limited ("Shanghai Electric", "Group", "Company" and "we") began to prepare and disclose its 2009 Social Responsibility Report in 2010 and began prepare and disclose its Environmental, Social and Governance ("ESG") report since 2016, and issued the report on an annual basis. This is the the Tenth ESG/Sustainability Report of our Group, truthfully revealing the Group's performance of its responsibility to shareholders, customers, partners, employees, environment, communities and other important stakeholders. And it shows the Group's ESG performance.

Basis of Preparation

This report is mainly prepared with reference to the Guidelines No. 1 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange - Standardized Operation, the Shanghai Stock Exchange Listed Companies Self-regulatory Regulatory Guidelines No. 14 - Sustainable Development Report (Trial), the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") of the Stock Exchange of Hong Kong Limited ("HKEx"), and Shanghai Municipal State-controlled Listed Companies ESG Indicator System (2026 Edition), and partially refers to the GRI Standards 2021 of Global Reporting Initiative, aiming to disclose information on ESG performance of the corporate for relevant parties and shareholders. The content of this report is determined according to a set of established procedures, including identifying and prioritizing important stakeholders, identifying and prioritizing material ESG issues, collecting relevant data of the report, and reviewing quantitative data in the report.

Scope and Boundary of the Report

The policies and data provided in this report cover the Group's headquarters, internal divisions, branches, wholly-owned subsidiaries and holding companies, and the environmental data includes the important production-oriented subsidiaries of the Group. (See Appendix III for the list of major subsidiaries involved in environmental data.) The data disclosure is from 1 January 2025 to 31 December 2025. Unless otherwise specified, the currency mentioned in the report is RMB, and the density data is based on revenue data in 2025 annual report of Shanghai Electric.

Source of Data and Guarantee for Reliability

The data and cases in this report mainly come from the Group's statistical reports and related documents. The report has not been verified by a third party. The Board of Directors of the Group undertakes that this report does not contain any false records or misleading statements and is responsible for the truthfulness, accuracy and completeness of its contents.

Confirmation and Approval

This report was confirmed by the management of the Company, and then approved by the Board on 30 March 2026.

List of Companies Mentioned in the Text of this Report

Full Name	Short Name
Shanghai Boiler Works Co., Ltd.	Shanghai Boiler Works
Shanghai Mitsubishi Elevator Co., Ltd.	Shanghai Mitsubishi Elevator
Shanghai Electric Group Co., Ltd. Central Academe	Central Academe
Shanghai Electric Wind Power Group Co., Ltd.	Electric Wind Power Group
Shanghai No.1 Machine Tool Works Co., Ltd.	Shanghai No.1 Machine Tool Works
Shanghai Electric Power Equipment Co., Ltd. Generator Plant	Shanghai Generator Plant
Shanghai Electric Power Generation Equipment Co., Ltd. Turbine Plant	Shanghai Electric Turbine Plant
Shanghai Electric Group Shanghai Electric Machinery Co., Ltd.	Shanghai Electric Machinery
Shanghai Electric SHMP Casting & Forging Co., Ltd.	SHMP Casting & Forging
Shanghai Electric Digital Technology Co., Ltd.	Shanghai Electric Digital Technology
Shanghai Electric Nuclear Power Equipment Co., Ltd.	Shanghai Electric Nuclear Company
Shanghai Huapu Cable Co.,Ltd.	Shanghai Huapu Cable
Shanghai Electric Power Transmission & Distribution Group Co.,LTD	Power Transmission & Distribution Group
Shanghai Electric Automation Group Co., Ltd.	Automation Group
Shanghai Electric Power Generation Group	Power Generation Group



Chairman's Statement



Wu Lei

Secretary of CPC
Party Committee
Chairman

In 2025, Shanghai Electric followed national strategies as its fundamental guideline. It took comprehensive reform as a key measure to advance high-quality development and foster new quality productive forces. The Company steadily enhanced its development resilience. It also stimulated internal momentum and innovation vitality while improving the modern corporate system at a faster pace.

Focus on strategic missions and demonstrate state-owned enterprise responsibility. The Company stays committed to its core business of high-end equipment manufacturing, continuously optimizes industrial layout, and fully supports major national tasks including new industrialization. It adopts clearer development paths and more solid implementation measures. In 2025, Shanghai Electric undertook key national tasks for breakthroughs in core technologies. It concentrated on critical fields such as industrial gas turbines, full industrial chain independence for nuclear power equipment, industrial machine tools and green fuels. Leading and participating in over 70 research projects to tackle bottleneck technologies, the Company has strived to fill gaps in major high-end equipment sectors.

Strengthen technological innovation and foster new quality productive forces. Self-reliance in science and technology represents an essential path toward high-quality development. The Company actively recognizes and adapts to changes, firmly seizes the initiative in innovation, and cultivates future-oriented growth drivers. In 2025, it further improved its high-level and well-organized technological innovation system, increased investment in research and development, promoted the application of new technologies, and achieved multiple breakthroughs in core and key technologies. As of December 2025, Shanghai Electric has built up a total of 89 national high-tech enterprises, 3 national technological innovation demonstration enterprises and 9 national-level enterprise technology centers together with 29 provincial and municipal enterprise technology centers. It has also established 5 key laboratories in Shanghai. The Company has gradually formed a tiered research platform system connecting national, provincial and corporate levels. This solid platform foundation supports continuous innovation and industrial upgrading across the Group.

Deepen environmental responsibility and pursue green development. The Company fully integrates green and low-carbon development into its overall corporate strategy. Guided by the national dual-carbon strategy, it focuses on clean energy, energy conservation and environmental protection. It steadily increases investment in the research, development and industrial application of new energy technologies, and provides systematic solutions for the transformation of the energy structure. In terms of operation and management, Shanghai Electric set up a dual-carbon leading group and special working teams in 2025 under senior management leadership and cross-department collaboration. The Group officially issued the Shanghai Electric Group Dual-Carbon Implementation Plan, clarified key task lists, and decomposed carbon emission targets by phases. It also released the Guidelines on Green and Low-carbon Evaluation for Suppliers of Shanghai Electric Group to promote green coordination from the source of the supply chain. Meanwhile, the Group actively develops the product carbon footprint system. Its subsidiaries have applied for and led the formulation of nine industrial and association standards. Such efforts set an exemplary benchmark for the green transformation of the entire industrial chain.

Consolidate talent support and energize the workforce. Talent ranks as the primary resource for corporate development. The Group further implements the "three mobility" mechanism, fully applies tenure-based contractual management, and improves a diversified incentive and restraint system. It highlights the core role of technical professionals and builds a talent hub aligned with the development of new quality productive forces. In 2025, the Group established an open "2+X" cooperation framework. It signed strategic cooperation agreements with Tsinghua University and Shanghai Jiao Tong University, and built specialized technical cooperation networks together with universities and research institutions at home and abroad. During the 14th Five-Year Plan period, the Group launched over 1,000 industry-university-research collaborative projects in total.

Expand ecological cooperation and build a green future together. Green transformation and sustainable development form a systematic project that relies on an open and collaborative industrial ecosystem. The Group actively develops and integrates deeply into green cooperation networks. It cooperates with domestic and international partners, research institutions and local governments to advance collaborative technological innovation and joint standard formulation. Through strategic alliances, joint research platforms and demonstration projects, the Group strives to build joint efforts in new energy development, environmental protection equipment promotion and smart energy system construction. These moves support the establishment of a low-carbon and circular industrial system.

Firm in original aspiration, reform for long-term progress, innovation to secure success. Standing at the starting point of the 15th Five-Year Plan journey, Shanghai Electric will continue to act as a dedicated practitioner and pioneer in deepening comprehensive reform. It will forge ahead vigorously in serving national strategies, building a strong industrial country and advancing Chinese modernization. Moving steadily toward the goal of becoming a world-class equipment manufacturer, the Group will contribute greater strength to the high-quality economic and social development!

President's Statement



Zhu Zhaokai

Party Committee
Deputy Secretary of
CPC
Director, President

In 2025, Shanghai Electric fully fulfilled the development goals set in the 14th Five-Year Plan and systematically outlined a blueprint for sustainable development under the 15th Five-Year Plan. Amid an industry landscape undergoing profound changes, the Group has always aligned its development with national strategies. It has consolidated its foundation in high-end equipment manufacturing and taken solid steps to foster new productive forces and advance green and low-carbon transformation.

Anchor the vision of a carbon-free future and act as a systematic enabler for green transformation. Addressing climate change stands as our core strategy. We have issued the Shanghai Electric Group Dual-Carbon Implementation Plan and set up a dual-carbon leading group to ensure systematic advancement and full delivery of strategic targets. Through continuous breakthroughs in cutting-edge technologies and independent development of high-end equipment, we have made comprehensive layouts in key tracks including green fuels, new energy equipment systems, nuclear power and advanced energy. We provide solid equipment support and systematic solutions for energy restructuring, industrial green upgrading and the development of new quality productive forces.

Focus on value increment and drive high quality and high efficiency across the entire industrial chain. We fully understand the symbiotic relationship between corporate value and environmental as well as social development. At the Yangguoxia Photovoltaic Power Station in Yongjing County of Gansu Province, we have developed an integrated model that combines "PV Blue" and "Ecological Green". It achieves deep integration between clean energy exploitation and ecological restoration. In the circular economy sector, we realize efficient recycling and high-value reuse of retired wind turbine blades. This provides a closed-loop solution for the green transformation of the wind power industry. Meanwhile, we adhere to the goal of zero defects. We ensure product safety through a digital quality management system and achieve coordinated growth in economic returns, environmental value and quality benefits.

Practice the vision of "Creating a Better Future Together" and integrate responsibility into every aspect of development.

Corporate value is ultimately reflected in its positive influence on people and society. The Company fully supports employee development by establishing a "Y-shaped" career progression path and continuously caring for employees' physical and mental health. It has built a "1+3" working system for rural revitalization. Through distinctive projects such as zero-carbon park construction, agricultural product promotion and rural cultural tourism route development, the Group injects vitality into rural growth. On the global stage, all overseas projects adhere to community cooperation and ecological protection principles. Such responsible and people-oriented practices have become a distinctive hallmark of Chinese manufacturing worldwide.

Strengthen governance leadership and ensure steady long-term development through systematic improvement.

Sound governance underpins the effective implementation of corporate strategies. The Group deeply integrates sustainable development concepts into corporate governance and establishes an integrated management system. Key ESG indicators are also incorporated into the performance appraisal framework for management teams. With digital platforms including the carbon management system and the information-based supplier management platform, the Company achieves transparent oversight over daily operations, supply chains and potential risks. This mature governance system serves as a solid foundation to secure long-term trust and address future challenges.

The journey of the 15th Five-Year Plan has begun. Driven by technological innovation and empowered by open collaboration to expand its ecosystem, Shanghai Electric will forge ahead steadily toward its vision of becoming "a world-leading provider of green and low-carbon system solutions". The Group will translate every strategic commitment into tangible strength for high-quality development and social progress.

About Shanghai Electric

About us

Historical
development

The history of Shanghai Electric can be traced back to at least 1902. In March 2004, Shanghai Electric Holding Group Co., Ltd. (former name: Shanghai Electric (Group) Corporation) implemented the shareholding reform through introduction of diversified investors and thus Shanghai Electric was incorporated. After that, we first listed H shares in Hong Kong in April 2005 and renamed as Shanghai Electric Group Company Limited; then in December 2008, we successfully entered the A share market and became an A+H listed company. As the cradle of China's power industry, we have created many Chinese and world firsts in this century-long history, and we promote the high-quality development of Chinese and global industries with technological empowerment to create green and sustainable values for the better life of human beings.

Guiding Principles

Lead the way in transformations towards high-end, intelligent and green development, take bold steps in accelerating the development of quality productive forces, and pioneering high-level self-reliance and selfstrengthening in science and technology

One overarching principle:

Upholding the comprehensive leadership of the Chinese Communist Party ("CCP") over the Group.

One overarching requirement:

Serving national strategies, aligning closely with national needs, and achieving highquality development.

One overarching goal:

Committing to becoming stronger, more excellent, and larger in scale, while accelerating the transformation of Shanghai Electric into a world-class equipment enterprise.

Three benchmarking standards:

Benchmarking against globally leading technologies, industryleading enterprises, and nationally recognized exemplars. Pursuing steady progress with breakthrough innovations in key areas to continuously strengthen Shanghai Electric's irreplaceable core competitiveness.

Three perspectives:

Think from the perspective of international industrial division and cooperation, operate and arrange from the perspective of the national strategy of building a strong manufacturing country, and take responsibility and action from the perspective of solving the nation's "bottleneck" core technologies to serve as the critical equipment provider for a great power.

Mission, Vision and Core

Mission



Empower global industry, make life smarter

Based on high-end equipment industry, we focus on smart energy, intelligent manufacturing and smart infrastructure to promote the high-quality development of Chinese and global industries with technological empowerment.

We provide not only leading high-end equipment, technologies and services, but also green, low-carbon and smart solutions that meet diverse needs, in order to make life smarter.

Vision



To become a world-class equipment group leading the industrial development

To be a maker of important instruments of the state: We focus on high-end equipment as our main responsibilities and main business, undertake the important task of national industry development and concentrate efforts on high-quality development.

To be a leader of technological innovation: We lead the trend of industrial innovation with science and technology to achieve industrial intelligence and service industrialization.

To be a practitioner of green and low-carbon development: We firmly implement the dual-carbon goals and promote green and lowcarbon development across the industry

To be a creator of smarter life: We create green and sustainable value for a better life of humankind with smart solutions.

Core Values



Strive for excellence, seek value innovation, pursue win-win cooperation and put customer success first

Strive for excellence: We promote engineering culture and craftsmen's spirit, and advocate dedication, down-to-earth attitude, rigorouslyness and constant improvement.

Seek value innovation: We encourage valuable innovation and advocate the use of technology and innovation to empower high-quality, green and sustainable development.

Pursue win-win cooperation: We maintain an open mind, advocate collaborative development and win-win cooperation with all stakeholders, and attach great importance to the continuous improvement of employees' happiness.

Put customer success first: We keep customer-oriented, and encourage to gain insight into customer needs, solve customer problems, and achieve customer value.

ENTERPRISE SPIRITS



Spirit of innovation, spirit of perfection, spirit of shouldering, spirit of undertaking, spirit of ant and spirit of Li Bin

"Spirit of innovation:"

This spirit emerged during the 1950s and 1960s when China's motor manufacturing industry was virtually non-existent, and the people of Shanghai Electric boldly targeted the state-of-the-art motor technology - double water inner cooling - embodying a spirit of innovation through courageous implementation.

"Spirit of perfection:"

This spirit emerged in 1953 when the people of Shanghai Electric fearlessly undertook the trial production of largescale precision power generation equipment - embodying the spirit of diligent research during the development of China's first 6,000kW steam turbine.

"Spirit of shouldering:"

This market-oriented spirit emerged in the early 1980s, representing the people of Shanghai Electric racing against time and providing wholehearted customer service while maintaining uncompromising quality standards.

"Spirit of undertaking:"

This spirit emerged during the 1960s and 1970s when the people of Shanghai Electric spent four years to successfully develop China's first tenthousand-ton hydraulic press, demonstrating the spirit of self-reliance and determined progress despite the absence of specialized heavy equipment and technical expertise.

"Spirit of ant:"

This spirit emerged shortly after the founding of New China when the people of Shanghai Electric dared innovation and tackled significant challenges with limited resources under rudimentary production conditions.

"Spirit of Li Bin:"

This spirit emerged in the 1990s, Shanghai Electric employees represented by Li Bin exemplified dedication to their work, rigorous study, innovative courage, and selfless contribution, vividly embodying the valuable qualities of the people of Shanghai Electric.

CCP Flag Red:

Always maintaining the red heritage as Shanghai Electric's cultural foundation.

Technical Blue:

Always positioning technological innovation as Shanghai Electric's driving force.

Open Gold:

Always embracing open cooperation and mutual benefit as Shanghai Electric's development framework.

Ecological Green:

Always establishing green low-carbon practices as Shanghai Electric's commitment to sustainability.

Vitality Orange:

Always fostering organizational vitality as Shanghai Electric's internal growth driver.



Shanghai Electric has established corporate culture platforms in five colours – "CCP Flag Red, Technical Blue, Ecological Green, Vitality Orange, and Open Gold" - integrating the soft power of corporate culture throughout all processes and aspects that promote the accelerated development of new quality productive forces.

Major Honours and Awards

Science and Technology Awards

Certification for National Major Equipment

Certification Body	Project	Name of Entity Awarded
National Energy Administration	600MW-class Ultra-supercritical Double Reheat Boiler with Efficient and Flexible By-product Gas Coupling	Shanghai Boiler Works Co., Ltd. (hereinafter referred to as "Shanghai Boiler Works")
National Energy Administration	1000MW-class 650 °C High-efficiency Ultra-supercritical Coal-fired Single-reheat Power Generating Unit	Shanghai Electric Power Equipment Co., Ltd
National Energy Administration	New Wide-load Ultra-high-efficiency Fast-regulation 1000MW Double-reheat Coal-fired Power Unit	Shanghai Electric Power Equipment Co., Ltd

Provincial and Ministerial Science and Technology Awards

Award Level	Award Name	Name of Entity Awarded
Special-class Award of Anhui Province	Key Technologies and Engineering Applications of Steady-State High-Parameter Plasma at the Second Scale for the EAST Large Science Facility	Shanghai Electric Nuclear Power Group Co., Ltd.
1st prize of Shanghai Municipality	Key Technologies and Applications of Reliable Welding for Heavy Components Under Severe Service Conditions	Shanghai Electric Nuclear Power Equipment Co., Ltd. (hereinafter referred to as "Shanghai Electric Nuclear Company"), Shanghai Electric Power Generation Equipment Co., Ltd. Turbine Plant (hereinafter referred to as "Shanghai Electric Turbine Plant")
1st prize of Shanghai Municipality	R&D and Application of Thermal-Hydraulic Design and Analysis Technology for Key Equipment of Nuclear Reactors	Shanghai Electric Nuclear Company
2nd prize of Shanghai Municipality	Efficient and Flexible 600MW-Class Ultra-Supercritical Double Reheat Boiler Coupled with By-Product Gas	Shanghai Boiler Work
2nd prize of Shanghai Municipality	Key Technologies and Applications of Flexible Control for Distribution Networks Supporting New-type Source-Load Integration	Shanghai Electric Power-Electronics Co., Ltd.
2nd prize of Sichuan Province	Key Technologies for Enhancing Nuclear Power Reliability	Shanghai First Machine Tool Works Co., Ltd. (hereinafter referred to as "Shanghai No.1 Machine Tool Works")
Special-class Award of National Defense Science and Technology	China Advanced Research Reactor	Shanghai No.1 Machine Tool Works

Mechanical Industry Science and Technology Award

Award Level	Award Name	Name of Entity Awarded
1st prize	Key Manufacturing Technologies and Applications of High-Toughness 9Ni Heavy Forgings for Extreme Low-Temperature Service (-196° C)	Shanghai Electric SHMP Casting & Forging Co., Ltd. (hereinafter referred to as "SHMP Casting & Forging")
1st prize	Development and Application of Complete Equipment for Large-Scale Half-Speed Saturation Turbo-Generator Sets in Nuclear Power	Shanghai Electric Power Equipment Co., Ltd.
1st prize	Compound Regulation Technology and Equipment for Laser Manufacturing of Large-Scale Complex Components	Shanghai Electric Turbine Plant

Mechanical Industry Science and Technology Award

2nd prize	Key Technologies for Design and Manufacturing of Precision Axle Box Bearings in Rail Transit	Shanghai United Bearing Co., Ltd.
2nd prize	R&D and Industrialization of Key Technologies for High-Speed Lightweight Gear Transmission Systems	Shanghai Electric Power Generation Equipment Co., Ltd.
2nd prize	Key Technologies for the Design and Manufacturing of Large-Tow Carbon Fibers and Long Blades for Large Wind Turbines	Shanghai Electric Wind Power Group Co., Ltd. (hereinafter referred to as "Electric Wind Power Group")
2nd prize	Integrated Intelligent Technology and Application for Manufacturing, Operation and Maintenance of Complex Energy Equipment	Shanghai Electric Group Co., Ltd. Central Academe (hereinafter referred to as "Central Academe"), Shanghai Boiler Works, Shanghai Electric Power Generation Equipment Co., Ltd., Shanghai Electric Fuji Electric Power technology co., Ltd, Shanghai Electric Group Digital Technology Co., Ltd. (hereinafter referred to as "Electric Group Digital Technology")
2nd prize	The World's First 1000MW-Class High-Efficiency Ultra-Supercritical Tower Boiler with Dual-Machine Regenerative System and Double Reheating	Shanghai Boiler Works
2nd prize	Key Technologies and Applications of Large Offshore Wind Turbines	Electric Wind Power Group
2nd prize	Development of Control Rod Drive Mechanisms for Large Advanced Pressurized Water Reactors	Shanghai No.1 Machine Tool Works
2nd prize	Development of a 1350MW Dual-Shaft High-Parameter Ultra-Supercritical Double Reheat Steam Turbine with Seven Cylinders and Six Exhausts	Shanghai Electric Power Equipment Co., Ltd.
2nd prize	Key Technologies and Applications of Thermal System Optimization, Energy Saving and Noise Reduction Based on Digital Intelligence	Shanghai Electric Power Generation Equipment Co., Ltd.
2nd prize	Technology and Application of In-Furnace NOx Reduction in High-Temperature Zones for Ultra-Low Emissions	Shanghai Boiler Works
3rd prize	Research and Application of Key Technologies for High-Efficiency Permanent Magnet Synchronous Motors with High Torque, Pole Changing and Speed Variation	Shanghai Electric Group Shanghai Electric Machinery Co., Ltd. (hereinafter referred to as "Shanghai Electric Machinery Works")
3rd prize	Development of a High-Efficiency Large-Capacity 1240MW Single-Shaft Ultra-Supercritical Unit with Five Cylinders and Six Exhausts	Shanghai Electric Power Generation Equipment Co., Ltd.
3rd prize	Key Technologies for Comprehensive Optimization of Grid-Connected Power Electronic Devices Oriented to Diverse Application Characteristics	Shanghai Electric Group Transmission and Distribution Equipment Co., Ltd., Shanghai Electric Power-Electronics Co., Ltd., Shanghai Najie Complete Sets of Electric Co., Ltd.
3rd prize	Independent Development and Industrialization of Wear-Resistant Key Components for Control Rod Drive Mechanisms in Generation III Nuclear Power Plants	Shanghai No.1 Machine Tool Works
3rd prize	Manufacturing Technology and Application of Welded Rotor Forgings for 1000MW and Above Nuclear Power Steam Turbines	Shanghai Electric Power Equipment Co., Ltd.
3rd prize	Development of Key Technologies and Standards for Tin-Based Alloy Bearings for Rotating Machinery in the Sliding Bearing Field	Shanghai Electric Machinery

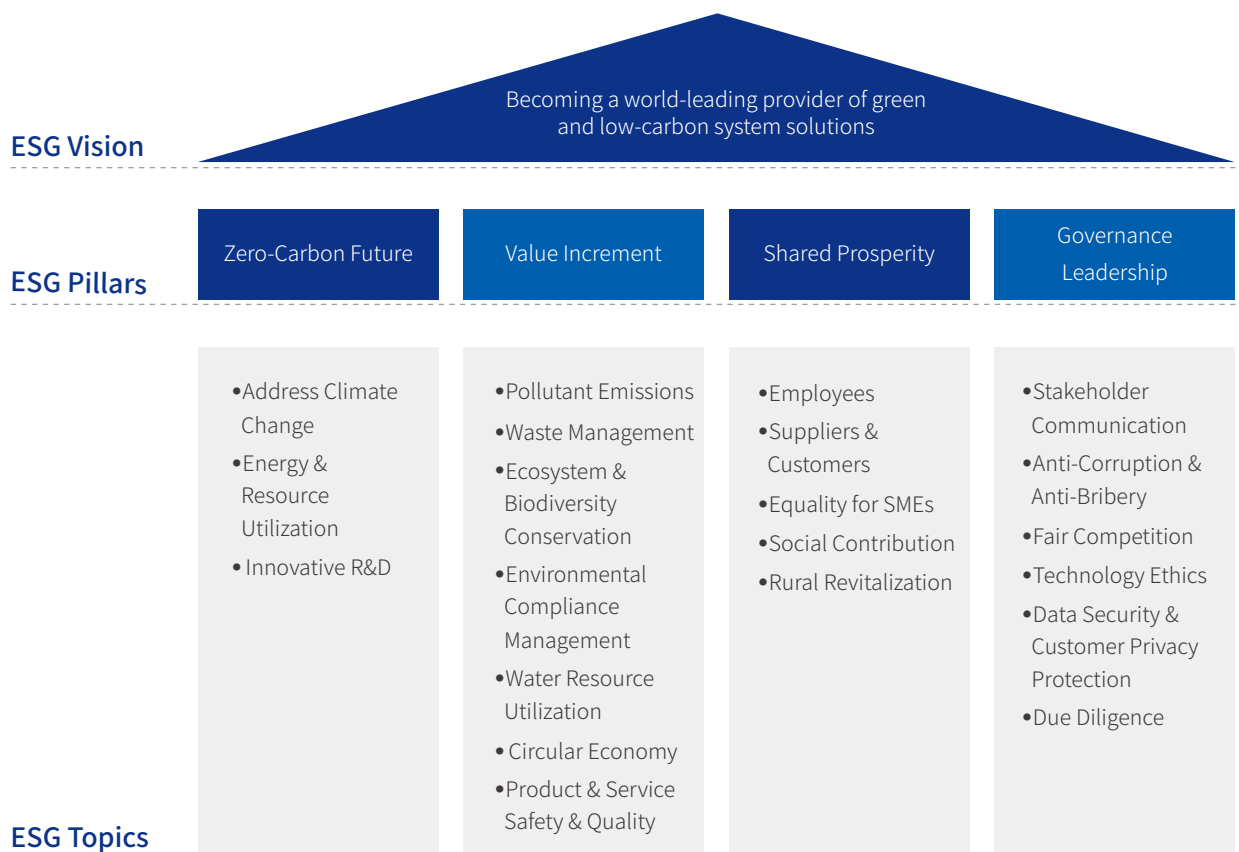
Topic 1:

The Blueprint for Sustainable Development During the 15th Five-Year Plan Period



With a clear strategic focus and well-defined goals, 2026 marks the first year of the 15th Five-Year Plan period. It is not only a crucial milestone for China as it strides into a new stage of high-quality development, but also an important starting point for Shanghai Electric to deepen its commitment to sustainable development and embark on a new green journey. At this juncture of transition, we keep abreast of the trends of the times and systematically formulate the blueprint for sustainable development during the 15th Five-Year Plan period.

During the 15th Five-Year Plan period, Shanghai Electric will take "becoming a world-leading provider of green and low-carbon system solutions" as its strategic vision. Anchored on the four core pillars of "zero-carbon future, value increment, shared prosperity and governance leadership", the company will systematically map out the core pathways to achieve carbon peaking by 2030. The strategic deployment covers key tasks such as green transformation of production processes, development of an ESG digital management platform, and construction of a green collaborative supply chain, providing a comprehensive guideline and action program for the Group's ESG initiatives over the next five years.



Shanghai Electric Sustainability Governance Strategy

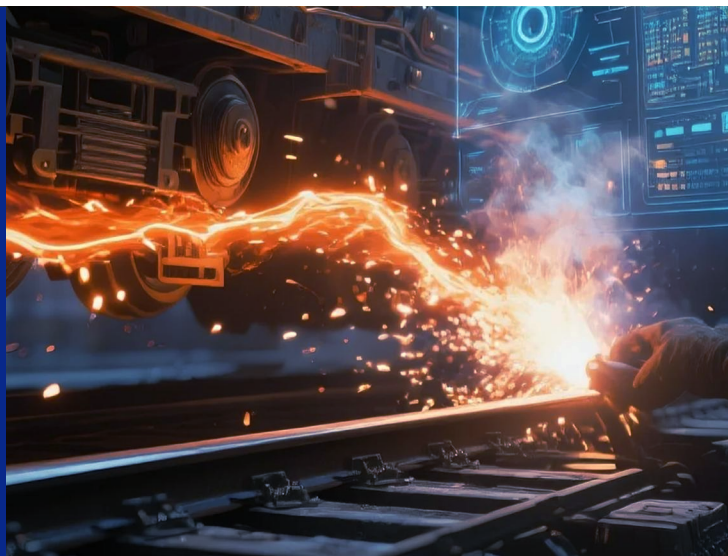
Meanwhile, Shanghai Electric fully integrates the UN Sustainable Development Goals (UN SDGs) into its four ESG strategic pillars, and formulates clear, measurable and implementable sustainable management objectives on this basis. By developing targeted action plans and establishing a performance management mechanism for continuous tracking, evaluation and optimization, the company is writing a new chapter of development that emphasizes responsibility, innovation and resilience in equal measure.

ESG Pillars	UN SDGs	15th Five-Year Plan Goals	Action Initiatives
Zero-Carbon Future	   	<p>We will establish a carbon emission accounting system, achieve full digital coverage of emission monitoring for above-scale enterprises within the Group, and ensure carbon peaking by 2030.</p> <p>R&D investment will remain focused on clean technology. In 2026, the share of clean technology R&D investment in operating revenue will be no less than 3.75%; by 2030, this share will reach no less than 4.2%.</p>	<p>Clarify the Group's carbon peaking implementation roadmap, conduct phased Scope 1, 2 and 3 carbon emission accounting, and unify accounting standards and data management processes.</p> <p>Improve the supply chain ESG management system and drive a continuous reduction in the overall carbon footprint of the supply chain.</p> <p>Build a digital supply chain platform, integrate core data, and enhance the collaborative efficiency of economic operation and ESG management.</p> <p>Establish a full-process economic operation analysis system to ensure the effective implementation of energy and carbon targets, supply chain ESG requirements and other related goals.</p>
Value Increment	   	<p>We will strictly uphold the bottom line of environmental compliance, ensuring 100% compliance with both total emission caps and emission limits for exhaust gas and water effluents pollutants, 100% compliant disposal of hazardous waste, and 100% full coverage of environmental management system (EMS) implementation for all newly established production-oriented pollutant-discharging enterprises.</p> <p>We will focus on continuous emission reduction at key pollutant-discharging subsidiaries of the Group. By 2030, compared with 2025 levels, the total emissions of four major industrial exhaust gas pollutants—nitrogen oxides (NO_x), sulfur dioxide (SO₂), particulate matter (PM) and volatile organic compounds (VOCs)—will decrease by 5%, 3%, 3% and 3% respectively; the total emissions of two major industrial wastewater pollutants—chemical oxygen demand (COD) and ammonia nitrogen (NH₃-N)—will decrease by 5% and 3% respectively; the generation volume of hazardous waste will decrease by 5%; and the resource utilization rate of general industrial solid waste will reach over 95%.</p>	<p>Fully implement the concept of "green manufacturing" and establish an environmental protection system covering the entire industrial chain through closed-loop responsibility management.</p> <p>Build a unified environmental risk management system covering the whole life cycle driven by both standardization and digital intelligence.</p> <p>Precisely focus on key production processes and core production materials to achieve green governance at the source.</p> <p>Strengthen the upgrading of treatment facility efficiency and the development of intelligent early warning capabilities for pollutant emissions, so as to comprehensively improve the operation and control capacity of the pollution control process through a two-pronged approach.</p> <p>Optimize end-of-pipe emission control, pilot and explore pathways for high-value utilization, and raise the level of resource utilization.</p>
Shared Prosperity	       	<p>A public welfare project system will be established covering rural assistance, voluntary services and employee care, with no fewer than three sustainable public welfare programs carried out each year. The visibility of the Group's public welfare brand will be significantly raised in regions covered by its business operations.</p>	<p>Establish a "1+3" rural revitalization system and promote featured projects including zero-carbon park development, agricultural product promotion, and rural cultural tourism route development.</p> <p>Improve the development of youth volunteer service teams, expand the scope of volunteer services, enrich service content, and guide young people to create social value through public welfare practices.</p> <p>Continue to run the caring summer camp program, address the summer care needs of employees' children, and deliver corporate warmth with targeted services based on the Group's industrial strengths.</p> <p>Expand featured public welfare brands, build a green public welfare ecosystem, and explore the implementation of public welfare projects overseas.</p>
Governance Leadership		<p>Establish an integrated ESG management system covering the Group and its listed subsidiaries, ensuring 100% compliance rate in ESG information disclosure.</p>	<p>Fully integrate mainstream ESG management concepts into corporate governance, improve the two-tier ESG management structure of "Group – Subsidiaries", and promote the tiered transmission and closed-loop implementation of responsibilities.</p> <p>Launch the "ESG Capacity Empowerment Program", establish an "ESG Talent Pool", and build a professional support team.</p> <p>Regularly hold ESG-themed salons, excellent case selection and other activities, and develop an ESG case library covering various fields.</p>

Topic 2:

From Equipment Intelligent Manufacturing to Scenario Application

Building a Sustainable Development
Ecosystem Across the Full Value Chain



Driving Industrial Transformation with Core Technologies

We focus on cutting-edge technologies in advanced energy and industrial equipment, including green fuels and carbon neutrality technologies, new energy equipment and systems, nuclear power, industrial machine tools, elevators and basic industrial components. Through continuous research and breakthroughs, we have successfully delivered a series of landmark major equipment and technologies. These achievements demonstrate the adaptability of our products in extreme environments and complex working conditions, their outstanding engineering reliability and their potential for large-scale application. They provide an indispensable core driving force and a solid foundation for the green transformation and high-quality development of relevant industries.

Research and Development of Key Equipment for Controlled Nuclear Fusion

In the pursuit of cutting-edge strategic energy, Shanghai Electric has achieved major engineering and technological breakthroughs in the field of controlled nuclear fusion. The Company has successfully delivered two core pieces of equipment: the TF coil case for the Comprehensive Research Facility for Fusion Technology (CRAFT) and the magnet cold test dewar for the International Thermonuclear Experimental Reactor (ITER).

These devices must maintain exceptional mechanical properties and vacuum sealing performance in an extremely low-temperature environment of 4.2K (approximately -269°C), posing extreme challenges to manufacturing precision and material processing. The project has successfully overcome a series of world-class technical challenges, including precision welding and millimeter-level deformation control under ultra-low temperatures. This marks that Shanghai Electric has reached world-class standards in the manufacturing of extra-large, ultra-precise equipment for extreme working conditions, and provides strong technical support for the construction of the China Fusion Engineering Test Reactor (CFETR).

Against the backdrop of global energy transition and industrial upgrading, Shanghai Electric leverages its profound technological expertise and system integration capabilities to build a complete value chain spanning from "intelligent equipment manufacturing" to "scenario application". We are not only committed to breakthroughs in core key technologies and the independence of high-end equipment, but also focused on translating technological advantages into replicable and scalable system solutions. Through deep engagement in the global market, we have established a systematic project presence in key regions including countries along the Belt and Road, ASEAN, the Middle East and Europe. By delivering mature technologies, equipment and integrated solutions worldwide, we empower the diverse ecosystems of local industry, energy and urban development, laying a solid foundation for sustainable development.

H1B Ultra-Low Temperature Wind Turbine

To address the harsh natural environment and wind power development needs in high-latitude frigid regions, Shanghai Electric has successfully developed the H1B, the world's first large-capacity ultra-low temperature wind turbine deployable in the Arctic Circle. Designed specifically to endure an extreme low temperature of -50°C and operate in medium-to-high wind speed zones, this turbine has systematically broken through a series of key technological barriers, including ultra-low temperature special materials, bearing lubrication systems, comprehensive blade de-icing, and polar isolated grid operation.

The launch of the H1B turbine not only fills the global gap in large-capacity wind power products for ultra-low temperature polar applications but also enhances Shanghai Electric's core competitiveness in the wind power market for special environments. This achievement provides strong equipment support for the company to expand into high-latitude markets such as Northern Europe and Canada, demonstrating its technological capability to ensure stable clean energy supply under extreme conditions.

Automated Production Line for Flexible Blade Machining

In advancing the high-quality development of the manufacturing industry, Shanghai Electric has successfully developed the industry's first integrated automated production line for flexible blade machining. The line innovatively integrates AI vision guidance, intelligent scheduling and automation technologies, realizing full-process automation for multi-variety, small-batch blades , from unordered grasping and intelligent clamping to flexible machining , which significantly improves production efficiency and quality consistency of high-end core components.

The AI vision recognition accuracy of this production line reaches 99.9%. It features dynamic monitoring and intelligent early warning capabilities and supports flexible mixed-line production across multiple product types and processes. The successful launch and operation of the line marks a major breakthrough for Shanghai Electric in the intelligent and flexible manufacturing of high-end core components, providing a practical example for the development of new quality productive forces.

Empowering Diverse Ecosystems with System Solutions

Shanghai Electric is committed to becoming a builder of system solutions. By deeply integrating digital intelligence and industrial expertise, we deliver replicable and scalable integrated solutions for zero-carbon parks, urban circular economy, high-end equipment services and other sectors. These practices translate discrete technological advantages into systematic empowerment capabilities and create sustainable comprehensive value across diverse ecosystems.

Shanghai Electric Participated in the Construction of the "Zero-Carbon Bay", Which Has Been Rated as One of the First National-Level Zero-Carbon Industrial Parks

The "Zero-Carbon Bay" project in the Shanghai Lin-gang Special Area, jointly developed by Shanghai Electric and Lin-gang Group, was successfully selected into the first batch of national-level zero-carbon industrial parks in 2025. As of the end of the Reporting Period, it stands as the first and only national-level zero-carbon industrial park approved in Shanghai. Located in the core advanced manufacturing zone of the pioneer start-up area in the Lin-gang Special Area, the park covers a planned area of 14.3 square kilometers. It has gathered leading enterprises in advanced manufacturing sectors such as high-end equipment, new energy vehicles and integrated circuits, and has proactively laid out future industries including AI computing centers and controlled nuclear fusion. It serves as a key platform for the green transformation of Shanghai's manufacturing industry.

Leveraging the unique resource of gigawatt-scale offshore wind and solar green power from the East China Sea, Zero-Carbon Bay has established a full-scenario zero-carbon system featuring "offshore wind and solar power generation, source-grid-load-storage integration, energy conservation and carbon reduction, and resource recycling". The park will realize full access to energy resources, visualization of energy and carbon data and intelligent dispatch. Shanghai Electric plays a core role in this initiative, including overseeing the development of distributed wind power, distributed photovoltaic systems, diversified energy storage, industrial energy conservation and other projects. It is committed to building its own zero-carbon demonstration base and plans to summarize its mature technical expertise and management model into a replicable "Electric Solution" for promotion to zero-carbon parks nationwide. This will contribute industrial strength to the national dual carbon goals while fostering a new growth engine for the business.



The Taonan Wind Power Coupled with Biomass Green Methanol Integrated Demonstration Project

Driven by China's "Dual Carbon" goals and global energy security strategies, Shanghai Boiler Works has leveraged the abundant wind energy and agricultural waste resources in Taonan, Jilin Province to build China's first commercial demonstration project for green methanol production through green hydrogen coupled with biomass gasification. This project has established a complete industrial chain of "green power – green hydrogen – green methanol". Centered on "empowering low-carbon transformation through technology", the project adopts key independently developed technologies including pure oxygen pressurized gasification and methanol synthesis from CO₂-rich syngas. Combined with an intelligent energy-carbon management platform for intelligent dispatch, it has improved operation and maintenance efficiency by over 30%. The project innovatively forms a dual network of "wind farms + biomass collection, storage and transportation". It converts 180,000 tons of agricultural waste such as corn stover into green feedstock annually, realizing efficient recycling of resources.

The project has delivered remarkable results. The life-cycle carbon emissions of green methanol have been reduced by more than 65%, and the project has obtained the EU International Sustainability & Carbon Certification (ISCC) certification. It can process 180,000 tons of agricultural waste each year, effectively reducing environmental pollution, boosting local green employment and supporting rural revitalization. As the world's first commercial-scale project producing green methanol via green hydrogen coupled with biomass gasification, it has been included in the database of the International Energy Agency (IEA) and widely reported by mainstream media including CCTV. Integrating technological innovation, digital-intelligent management and resource recycling, this model provides a replicable and scalable "China Solution" for the energy and chemical industry, successfully uniting corporate social value and commercial value.



First Batch of Large-Scale Green Methanol from Green Hydrogen & Biomass Produced in Taonan (Ceremony Scene)

SIMPLE Intelligent Operation and Maintenance Platform for Gas Turbines Integrated with AI Large Models

Shanghai Electric has successfully developed the SIMPLE intelligent operation and maintenance platform integrated with AI large models, achieving deep integration of artificial intelligence technologies and high-end equipment O&M. Built on massive operational data from more than 55 units with a total of 800,000 operating hours, the platform incorporates in-depth mechanism knowledge and expert experience, forming an intelligent O&M system covering the full life cycle of gas turbines. It enables advanced functions including accurate early fault warning, intelligent root cause analysis and operational performance optimization.

To date, the platform has received a provincial and ministerial-level Science and Technology Progress Award and has been deployed on a large scale. Its successful implementation has significantly improved the operational reliability, economic efficiency and overall service level of gas turbine fleets, marking that the company has reached an industry-leading position in the field of power equipment and system integration, and providing replicable solutions for digital transformation.



Sustainability Management

Shanghai Electric always takes sustainable development management as an important approach to strategy implementation, builds consensus across the company and fosters a unified development philosophy and value pursuit. In alignment with the Group's "Dual Carbon" goals and its 15th Five-Year Strategic Plan, we systematically advance the strategic management of sustainable development, define sustainable development objectives, and establish a well-structured sustainable development governance framework with sound mechanisms. By defining the four core elements of the sustainable development strategy system, we continue to enhance our sustainable development capabilities, supporting high-quality development that integrates economic benefits and social value in a coordinated manner.



Issues Addressed in This Chapter:

Stakeholder Engagement



Sustainability Governance Framework

1. Governance System

Shanghai Electric has established a top-down sustainability governance structure consisting of the governance body, management body and implementation body, with clearly defined responsibilities and tasks at each level. Through working meeting mechanisms and collaborative coordination mechanisms, the Company ensures the breakdown and implementation of ESG planning objectives.

Shanghai Electric Sustainability Governance Framework



**The
governance
body**

The Board of Directors is the highest governing body of the Group for ESG matters, and its responsibilities include: Deliberating on risks and materialities related to the Group's ESG matters (including climate change); Deliberating on and approving the Group's ESG strategies and objectives; Overseeing and reviewing relevant policies, management, performance, and progress against targets concerning the Group's ESG matters; Reviewing and approving the Group's public disclosures on ESG performance.

To strengthen the Board's overall management of ESG affairs, the Group has established an ESG Management Committee composed of members of the Board of Directors. The responsibilities of the ESG Management Committee include, but are not limited to: Identifying, determining, and assessing risks and materialities related to the Group's ESG matters (including climate change); Evaluating and formulating the Group's ESG strategies and objectives; Supervising, assessing, and reviewing relevant policies, management, performance, and progress against targets; Reviewing and evaluating the Group's public disclosures on ESG performance; Handling other matters authorized by the Board of Directors.

As of the date of this report, the ESG Management Committee comprises seven members of the Board of Directors.

During the Reporting Period, the ESG Management Committee convened one meeting, during which four ESG-related topics were reviewed and various annual ESG-specific initiatives were deployed, with continuous efforts made to enhance the management of key ESG issues.

To support the Group in achieving systematic and professional ESG management, an ESG Expert Committee has been established outside the ESG Management Committee to provide decision support and professional advice on the Group's ESG-related affairs to the ESG Management Committee.



**The
management
body**

To advance the implementation of the Group's ESG strategy, an ESG Working Group has been established, led by the Group Office (Board Office). It assists the ESG Management Committee and provides guidance and oversight over the implementation of ESG-related work.



**The
implementation
body**

Under the ESG Working Group, there are three sub-working groups focusing on Environment, Social and Governance respectively. These three sub-working groups are formed by integrating relevant functional departments and are responsible for identifying ESG risks and opportunities in daily operations, formulating business-specific response measures, contacting and communicating with the relevant departments of affiliated companies and coordinating the promotion and implementation of specific matters.

During the Reporting Period, the ESG Working Group held several ESG salons to discuss priorities, objectives and plans for ESG initiatives. In addition, the ESG Working Group maintained active communication with external ESG rating agencies to keep abreast of market concerns and trends.



2. ESG Capacity Building

Shanghai Electric attaches great importance to ESG capacity building. It actively organizes and holds special ESG training sessions, inviting industry experts to provide in-depth interpretations of the latest ESG policies, international standards and best practice cases. In addition, the company hosts ESG salons and conducted ESG work interviews to establish a systematic learning platform for employees, enhance their overall awareness and understanding of ESG, ensure the effective implementation of ESG concepts within the Group and systematically improve the Group's overall ESG capacity and management level.



Case Study: ESG Themed Salon hosted by Shanghai Electric

In 2025, the ESG Working Group of Shanghai Electric took the lead in organizing an ESG-themed salon event. The salon focused on eight topics: raw material and packaging material management, product certification, supplier management, environmental management, carbon management, clean technology strategic planning and investment targets, labor management, and anti-corruption and anti-bribery, with active participation from all ESG sub-working groups. This event effectively raised ESG awareness among various functional

ESG沙龙活动宗旨
为进一步提升集团ESG表现
对标国际行业 助力集团全球市场开拓

<p>组织</p> <p>5场沙龙</p> <p>7月10日至7月31日 历时21天</p>	<p>协同</p> <p>7个部门</p> <p>集团总经理 人力资源部 运营管理部 供应链管理 科技管理部 产业发展部 安全环保部</p>	<p>围绕</p> <p>8个主题</p> <p>原材料和包装材料管理 产品认证 供应链管理 劳工管理 环境管理 清洁能源战略规划和投入目标 ESG数据披露</p>	<p>提出</p> <p>15+提升建议</p>
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ESG-Themed Salon

departments of the Group, motivating them to translate external requirements into internal impetus for self-improvement. In doing so, it enabled the company to seize opportunities amid challenges and further optimize and improve its ESG information disclosure.



Case Study: Selection of Shanghai Electric's Outstanding ESG Practice Cases in 2025

In December 2025, in order to identify the outstanding pioneers in the ESG field of Shanghai Electric, we held the 3rd Outstanding ESG Practice Cases Selection Activity, which attracted the participation of many enterprises from various industrial groups. These pioneering practices cover green and low-carbon development and climate resilience, ecological protection and circular development, digital-intelligent empowerment for ESG management, collaborative co-creation and social responsibility, as well as product innovation and sustainable development. Through the demonstration effect of these benchmarks, we aimed to encourage more enterprises to engage in ESG practices and contribute Shanghai Electric's strength to promoting high-quality economic development and social sustainable progress.



Case Study: Shanghai Electric Held A Special Seminar to Precisely Interpret the New ESG Regulations for Going Global

In November 2025, to proactively address the increasingly prominent ESG compliance requirements in its global operations, Shanghai Electric took the initiative to organize a special seminar and invited senior external ESG experts to deliver in-depth interpretations. Centered on the core theme of "ESG Compliance Challenges and Solutions for Global Expansion", the seminar focused on the latest developments in the international ESG regulatory framework and key legislation in major overseas markets. It also conducted an in-depth analysis of typical ESG risks and practical challenges encountered by enterprises in overseas investment, operation and supply chain management. The event was exclusively attended by key personnel from relevant subsidiaries of the Group responsible for overseas business and ESG management. Through authoritative expert interpretations and in-depth on-site exchanges, participants gained a deeper understanding of international ESG standards and improved their forward-looking capabilities in risk identification and compliance management. This laid a solid intellectual foundation for the steady and long-term development of the Group's overseas operations. The seminar achieved its expected objectives and was highly praised by all attendees.



Case Study: The 19th "Academic Activity Month of Societies" of Shanghai Federation of Social Science Associations – Symposium on Sustainable Development Strategy and New Regulations for Sustainable Information Disclosure Held at Shanghai Electric

In October 2025, the Symposium on Sustainability Strategy and New Regulations for Sustainable Information Disclosure, as part of the 19th "Academic Activity Month of Societies" hosted by the Shanghai Federation of Social Science Associations, was held at Shanghai Electric. The symposium focused on three core areas: the underlying logic of ESG, corporate implementation pathways and new rules for information disclosure. It delivered an in-depth interpretation of ESG's essence in balancing economic and social values, systematically explored the full process from strategic planning to practical implementation, and provided a precise analysis of domestic and international information disclosure standards and practices. The event aimed to help enterprises break cognitive barriers, seize development opportunities and formulate strategies in a scientific manner. The symposium attracted more than 300 finance and accounting professionals on site, with its reach further expanded through online live streaming and sub-venues. It offered professional support and a communication platform to advance enterprises' practice of Chinese-style sustainable development and achieve high-quality growth.



Case Study: Shanghai Electric's ESG Practices Featured in CCTV Dialogue

To actively respond to the concept of sustainable development and further strengthen its responsible brand building, Shanghai Electric was invited to participate in a special exchange event of the CCTV Dialogue. Mr. Hu Xupeng, Vice President and Board Secretary of the Company, had in-depth discussions with industry experts and enterprise representatives on the theme of "Integrated Development of Responsible Brand and ESG", sharing the Company's practices and insights in promoting high-quality development and fulfilling social responsibilities.



Taking ESG as a key driver, Shanghai Electric is advancing its transformation from a "product brand" to a "responsible brand". Through diversified communication channels, the Company conveys its practical achievements and long-term commitments in green development, social responsibility and corporate governance to stakeholders, so as to enhance the credibility and influence of its brand.

3. ESG Digitalization

Shanghai Electric actively responds to the national call for the "Dual Carbon" strategy and digital transformation. Empowering sustainability through technology, the company has established a digital management platform system covering core ESG dimensions, and systematically promoted the intelligent upgrading of key areas including energy and carbon management, workplace safety, supply chain management, talent management and contract management.

Shanghai Electric ESG Digital Management Platform (Partial)

Carbon Management Service Platform:

Shanghai Electric has developed and upgraded its Group Carbon Management Service Platform, which integrates, aggregates, monitors and systematically inventories data related to the Group's energy consumption and carbon emissions. This platform helps the Group unify standards for quantifying carbon emission data, enabling coordinated management of carbon emissions data across industrial



Energy and Carbon Management Cockpit

groups and their subsidiaries. It assists enterprises in proactively complying with domestic and overseas carbon emission policies and effectively mitigating future compliance risks. Meanwhile, through regular monitoring of carbon inventory data, the platform identifies potential emission reduction opportunities, supports the Group's continuous improvement and green development decision-making, facilitates a comprehensive grasp of overall carbon emissions and enhances operational management efficiency and refinement.

**Digital
Platform
for Safety
Supervision:**

Shanghai Electric has actively promoted the upgrading and intelligent transformation of equipment and facilities, achieving an iterative upgrade from "manual prevention" to "machine control" and "intelligent control". We have extensively adopted technologies such as robotic inspection, drone patrols, online intelligent detection and AI behavior recognition to enhance safety risk early warning and emergency response capabilities. While ensuring production safety, we have continuously optimized operational efficiency.

**Supplier
Relationship
Management
(SRM) Platform:**

Aiming to build a more transparent and compliant, safer and more reliable, and more value-creating supply chain system, we have continuously promoted the development and application of an intelligent supply chain platform. Shanghai Electric's SRM platform consists of modules for supplier lifecycle management, bidding and sourcing, order coordination and an e-mall. It connects upstream and downstream supply chains, improves the supplier management system, achieves precise matching of supply and demand, enhances management efficiency and enables digital empowerment.

**Spark Talent
Pool**

Continuously promoting organized scientific research, Shanghai Electric built and launched the Spark Talent Pool, realizing the functions of talent retrieval, talent list, talent profiling, talent resumes, configuration management, and process applications. This supports the selection of scientific and technological innovation talents for emerging and future industries within the Group, empowers the cultivation of scientific and technological talents, and provides support for the scientific and technological innovation of the Group.

**Innovation Ocean
Platform**

In order to integrate the Group's scientific and technological resources of and achieve synergistic effects, we have built the Group Science and Technology Innovation Resource Allocation System "Innovation Ocean Platform". The system generalizes and unifies the formats of data such as talents, projects, and policy information, and stores single pieces of data in the form of data blocks at the bottom of the knowledge base, realizing the cross-correlation of various types of information in the underlying knowledge base. The system automatically collects policy, guidance, guidelines and award information from external sources, as well as intellectual property-related policies issued by departments such as the National Intellectual Property Administration, and notifies relevant scientific and technological personnel in real time in the form of daily emails.

**Contract
Management
System:**

To meet the needs of digital development, we have actively conducted research on user feedback and experience. Through multi-pronged measures including upgrading the contract management system, implementing standardized operating procedures, and enhancing team professionalism, we have comprehensively improved contract management efficiency and awareness of contractual obligations. This has ensured effective risk control and rights protection in business cooperation and promoted the sustainable development of the enterprise. During the Reporting Period, we continued to upgrade the functions of the contract management system, strengthened contract review and approval management through information-based approaches, collected data from the source of business operations, and laid a solid foundation for data analysis and governance. Meanwhile, we optimized the legal management system, carried out standardized sorting of case data and enhanced data comparison and analysis capabilities.

Through the systematic, multi-level and full-chain development of the above digital platforms, Shanghai Electric has not only enhanced the precision and transparency of its ESG management, but also laid a solid technical and data foundation for the sustainable and high-quality development of the enterprise.

4. Standardized Disclosure

Shanghai Electric has always regarded information disclosure as an important cornerstone of corporate governance. By establishing an institutionalized disclosure system featuring "timeliness, transparency, efficiency and rigor", the Group strictly fulfills its compliance obligations and sets up information disclosure norms covering the whole process, including regular reports, temporary announcements, and investor relations management. This ensures that market entities can obtain accurate and complete business information in a timely manner.

During the Reporting Period, we issued a total of 373 announcements, held 3 performance presentations and/or briefings, as well as 4 general meetings of shareholders.

The Group adheres to the Listing Rules of the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and formulates core documents such as the Articles of Association and the Information Disclosure Management System to establish a clear system of information disclosure responsibilities with defined rights and obligations. This ensures that the disclosed content not only complies with regulatory requirements but also reflects the Company's strategic intentions, injecting new impetus into enhancing the transparency of the capital market and investors' confidence.



Case Study: Performance Presentations: In Dialogue with Institutional Investors

In April 2025, Shanghai Electric held its annual performance presentation, elaborating on its dual-wheel-driven development strategy in a systematic manner. In response to investors' concerns, the company clearly stated that it would upgrade its energy sector by focusing on green and low-carbon development, and deploy a diversified energy complementarity business covering wind power, photovoltaic, energy storage and hydrogen energy. Meanwhile, centering on the high-end, intelligent and green development directions, Shanghai Electric is building emerging industrial clusters such as humanoid robots, aviation manufacturing and industrial machine tools, accelerating the fostering of new quality productive forces. By deepening SOE reform and optimizing corporate governance,

Shanghai Electric is forging a high-quality development path featuring the coordinated progress of technological innovation and industrial upgrading. It continues to enhance its environmental, social and governance performance, and strives to become a world-class equipment manufacturing enterprise with core competitiveness.



In Dialogue with Institutional Investors



Case Study: "I Am a Shareholder" Visits Shanghai Electric: Exploring High-End Equipment Intelligent Manufacturing

In November 2025, Shanghai Electric, together with the Shanghai Stock Exchange and Shenwan Hongyuan Securities, held the event "I Am a Shareholder-Visits Shanghai Electric", which was attended by more than 30 representatives from institutional and individual investors. During the event, participants visited Shanghai Electric Turbine Works and Shanghai Boiler Works on site, where the company showcased its innovative achievements in high-end equipment manufacturing, green energy and other fields. In the discussion session, Hu Xupeng, Vice President and Board Secretary of the Company, had in-depth exchanges with investors on hot topics such as energy storage and green methanol, effectively enhancing

the market's understanding of the company's technologies and strategic layout. This event embodied the proactive investor relations management philosophy and received the "I Am a Shareholder" commemorative trophy issued by the Shanghai Stock Exchange.



"I Am a Shareholder-Visits Shanghai Electric"

5. ESG Honors

During the Reporting Period, thanks to its outstanding performance in the ESG field, Shanghai Electric has been recognized by authoritative institutions both at home and abroad and has won a number of influential ESG-related awards and honors in the industry. This demonstrates its firm commitment and leading role on the path of sustainable development.



Case Study: Shanghai Electric Selected as One of the "2024–2025 Industrial Enterprises in Sustainable Development" by Forbes China

In July 2025, Shanghai Electric was successfully selected onto the main list of the "2024–2025 Industrial Enterprises in Sustainable Development" by Forbes China, fully demonstrating the Group's benchmarking and exemplary role in advancing the sustainable development of China's industrial sector. Initiated by Forbes China, the award aims to recognize the latest achievements of Chinese industrial enterprises in sustainable development. Eligible candidates are enterprises with annual revenue exceeding RMB20 billion, which are rigorously evaluated across multiple dimensions including sustainable development management systems, transformative technological innovation, sustainable development practices and long-term economic growth. It serves as an important benchmark for measuring the sustainable development performance of industrial enterprises in China.



Case Study: Shanghai Electric's Green Development Practices Selected as a Typical Case of State-Owned Assets and State-Owned Enterprises

In November 2025, Shanghai Electric's practical case titled "Anchored in Green, Powered by Intelligence – Leading Equipment Manufacturing Development with Green Intelligence" was successfully selected as an exemplary model for the green development of state-owned enterprises. This case highlights the Company's dual-wheel-driven transformation path featuring "green energy innovation + intelligent manufacturing upgrading". On the energy side, the Company has made forward-looking deployments across the whole industrial chain including wind, solar, energy storage and hydrogen, built demonstration projects such as the Taonan green methanol initiative, and established a complete portfolio of green energy equipment. On the manufacturing side, through smart factory clusters and digital platforms including the Xingyun Zhihui Industrial Internet Platform, it has established 20 national-level green factories and formed replicable standards for zero-carbon factories. By deeply integrating technological innovation with industrial practices, Shanghai Electric continues to lead the green transformation of the equipment manufacturing industry, contributing an "Electric Solution" to the nation's "Dual Carbon" goals.



Case Study: Shanghai Electric Consecutively Selected for the "Chinese ESG Excellent Practice"

At the 2025 ESG China Innovation Annual Conference, Shanghai Electric was selected for the second consecutive year into the "2025 ESG Excellent Practice Report" with its practical case "Green and Intelligent Innovation Leading the Development of Equipment Manufacturing – Driving ESG Upgrading through Scientific and Technological Innovation". This has made it a replicable and scalable benchmark in the industry, and also demonstrates Shanghai Electric's continuous leadership in the ESG field.



Launch Ceremony of the "2025 ESG Excellent Practice Report"

Materiality Assessment of Sustainability Topics

6. Stakeholder Engagement

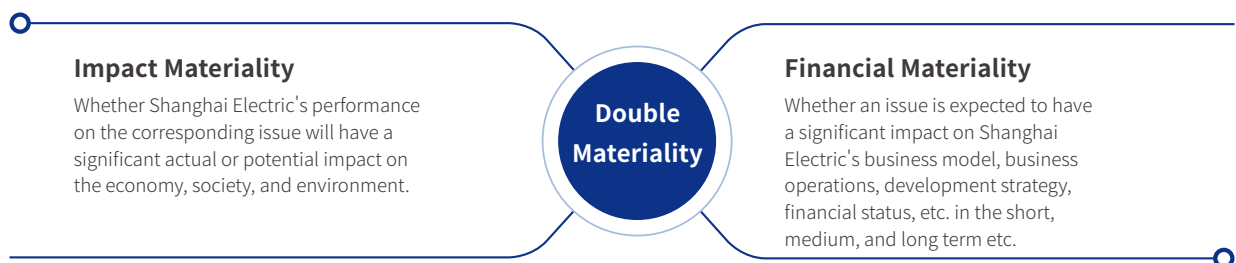
Shanghai Electric attaches great importance to the role of stakeholders in advancing sustainable development, and takes their concerns and suggestions as an important basis for formulating and optimizing its ESG strategy and management practices. In light of the Company's business nature and operational scope, we have systematically identified nine key stakeholder groups and established diverse and regular communication channels to proactively and transparently respond to their expectations and demands. Through this sustained and structured two-way communication mechanism, our ESG initiatives have become more practice-oriented and progressed steadily, laying a solid foundation for achieving sustainable and responsible development.

Stakeholder Group	Communication Channels/Feedback	Key Concerns
Investors	<ul style="list-style-type: none"> - General Meeting of Shareholders - Announcement Interpretation - Performance Conference - Roadshow Activities - Investor Research Activities - Investor Factory Visits - Investor Summits - Shanghai Stock Exchange e-Interaction - Investor Hotline - Company Announcements - WeChat Official Account - Facebook Page - Bimonthly Shanghai Electric News - Shanghai Electric Investor Relations Email - Industry News Dissemination - Executive Interviews 	<ul style="list-style-type: none"> - Industry Trends and Policies - Governance Structure - Technology and Innovation - Product Responsibility - Economic Impact - Legal Compliance - International Trade Situation - Carbon Neutrality Goals and Pathways - Climate Change Response and Disclosure - Information Disclosure
Employees	<ul style="list-style-type: none"> - Employee Training - Employee Activities - Employee Satisfaction Surveys - Symposia 	<ul style="list-style-type: none"> - Occupational Health and Safety - Employee Benefits and Remuneration - Sustainable Development Strategy - Human Rights
Partners (including Suppliers and Contractors)	<ul style="list-style-type: none"> - On-site Assessments - Supplier Evaluations - Technical Training - Online Communication 	<ul style="list-style-type: none"> - Technology and Innovation - Product Responsibility - Supply Chain Management - Industry Collaboration and Development
Customers (Including end customers)	<ul style="list-style-type: none"> - Customer Satisfaction Surveys - Customer Complaint Handling - Brand Promotion Events 	<ul style="list-style-type: none"> - Product Responsibility - Customer Privacy Information Protection
Surrounding Communities	<ul style="list-style-type: none"> - Community Public Welfare Activities - Regular Visit 	<ul style="list-style-type: none"> - Exhaust Emissions - Biodiversity at the Operation Site - Public Welfare and Donations
Media	<ul style="list-style-type: none"> - Press Releases - Interviews - Performance Release Conferences 	<ul style="list-style-type: none"> - Sustainability Strategy - Carbon Neutrality Goals and Pathways - Climate Change Response and Disclosure - Product Responsibility - Supply Chain Management - Public Welfare and Donations - Information Disclosure
Regulatory Authorities	<ul style="list-style-type: none"> - Press Releases - Regular Communication 	<ul style="list-style-type: none"> - Carbon Neutrality Goals and Pathways - Climate Change Response and Disclosure - Compliance and Risk Management - Information Disclosure
NGOs or Public Welfare Organizations	<ul style="list-style-type: none"> - Regular Communication - Community Public Welfare Activities 	<ul style="list-style-type: none"> - Public Welfare and Donations - Community Development Support
Colleges and Universities and Scholars	<ul style="list-style-type: none"> - Scientific Research Exchange and Cooperation - Recruitment 	<ul style="list-style-type: none"> - Technology and Innovation

7. Double Materiality Assessment

Materiality assessment is an important method followed by Shanghai Electric in carrying out ESG work and the assessment result provides a key direction for ESG management. In 2024, we applied the "double materiality" principle and followed the steps of "identification-assessment-analysis-confirmation". Through stakeholder research interviews and management discussions, we evaluated and confirmed the impact and materiality of issues from the dual dimensions of "financial materiality" and "impact materiality".

Based on the double materiality assessment, we have integrated the assessment results into the enterprise risk management process to further define key priorities for future work. This effectively guides us to uphold our long-term commitment to sustainable development across all business operations and create sustainable value for stakeholders.



STEP 1: IDENTIFICATION

We comprehensively considered industry characteristics and the actual situation of company management, and combined with the changes in the internal and external ESG environment, including regulatory policies, standard guidelines, industry trends, and peer concerns, to update the ESG issue library. In addition, we identified, screened, and sorted out its impacts, risks, and opportunities, involving 21 issues highly relevant to Shanghai Electric's sustainable development.

STEP 2: ASSESSMENT

We defined different assessment dimensions and developed an impact materiality assessment questionnaire and a financial materiality assessment questionnaire respectively. Besides, we distributed the impact materiality assessment questionnaire to 11 types of key internal and external stakeholders, such as investors, customers, partners, and regulatory authorities. Through the means such as double materiality management interviews, we invited management representatives from various business departments to conduct double materiality assessments (financial and impact).

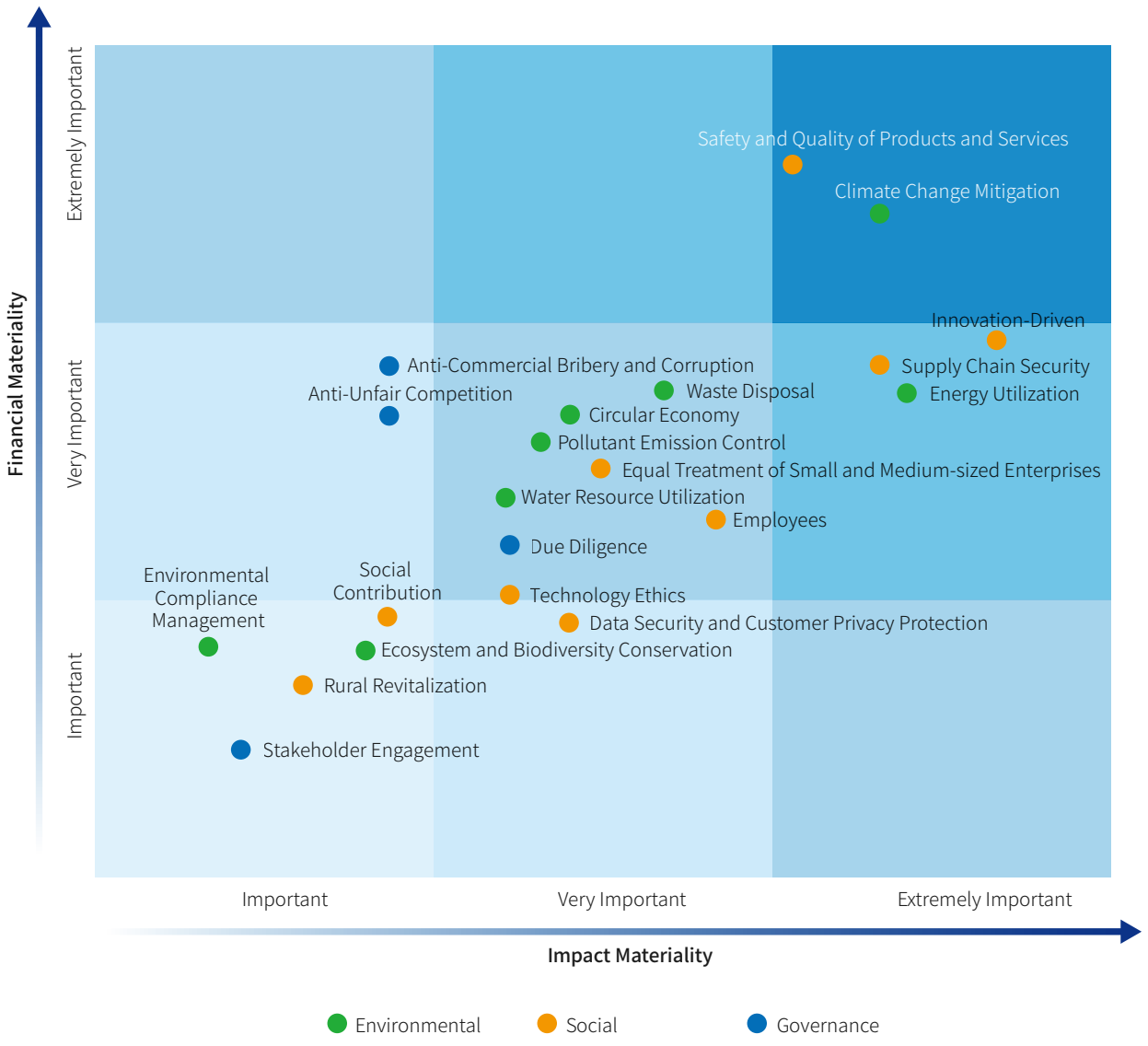
STEP 3: ANALYSIS

We analyzed and calculated the results of the stakeholder questionnaire surveys and interview assessments, and separately obtained the ESG issues with impact materiality and financial materiality. External experts and the Company's management conducted management discussions to provide suggestions on the materiality assessment of the Company's ESG issues.

STEP 4: CONFIRMATION

The board of directors and the ESG management committee finally confirmed the results of the double materiality assessment. The highly important financial materiality issues and impact materiality issues were disclosed in the sustainability report.

We regularly review the relevance of various ESG topics to the Group's business and their significance to the Group's ESG efforts, and analyze their double materiality impacts in social and environmental dimensions. During the Reporting Period, we reviewed and examined the latest materiality assessment results. Following the assessment, the identified topics from 2024 remain applicable. The specific double materiality assessment matrix is presented below:



Issue	Materiality Dimensions	Value Chain Segments	Stakeholders	Impact Horizon*
Product and Service Safety and Quality	Financial Materiality Impact Materiality	Upstream Operations Downstream	Investors Customers Partners Media	Short-term Medium-term Long-term
Climate Change Mitigation	Financial Materiality Impact Materiality	Upstream Operations Downstream	Investors Media Regulators	Short-term Medium-term Long-term
Energy Utilization	Impact Materiality	Upstream Operations Downstream	Investors Media Regulators	Short-term Medium-term Long-term
Innovation-driven	Impact Materiality	Upstream Operations Downstream	Investors Partners Universities and Scholars	Short-term Medium-term Long-term
Supply Chain Security	Impact Materiality	Upstream Operations Downstream	Partners Media	Short-term Medium-term Long-term

Note: The time horizon covered in the double materiality assessment includes short-term (0–1 year), medium-term (2–5 years), and long-term (over 6 years). The classification is aligned with the planning cycle of the Group’s 15th Five-Year Strategy to ensure that risk responses in different periods are consistent with strategic objectives.

Description of Impact Materiality	Description of Financial Materiality
<ul style="list-style-type: none"> • Failure to establish a systematic and effective quality management system (such as failure to allocate appropriate resources for quality control and testing) cannot guarantee product quality, which may lead to consumer dissatisfaction and complaints. In addition, it may cause product safety accidents, endangering the health and safety of consumers. 	<ul style="list-style-type: none"> • Excellent quality management not only reduces operating costs, but also improves product quality and customer satisfaction. Thus, it can enhance the market competitiveness, attract new customers, and drive sales growth. • If appropriate resources are not invested in quality control and testing, product failures, recalls, and increased regulatory and litigation risks may be increased, which will have a negative impact on the Company's finance. • Failure to report known product safety hazards to the relevant departments in a timely manner may result in civil penalties, causing economic losses and damage to the reputation.
<ul style="list-style-type: none"> • Energy consumption in the Company's own operations and the production and operation processes of the supply chain will generate greenhouse gas emissions, causing climate change and air pollution. • Some products consume fossil fuels during the use stage, such as coal-fired generators and gas turbines. The use of fossil fuels will generate greenhouse gas emissions and other exhaust emissions, causing climate change and air pollution. • Promoting clean production by replacing old equipment and processes with more energy-efficient and high-performance ones can improve equipment energy efficiency, reduce greenhouse gas emissions, and minimize the environmental impact of the Company's production and operation. • Increasing the purchase and use of renewable energy and reducing dependence on traditional energy sources can reduce the greenhouse gas emissions. • The design, development, and production of clean technologies such as wind-solar hydrogen storage, as well as green and low-carbon products, facilitate to optimize the energy structure, promote the utilization of renewable energy, and improve resource efficiency, thereby reducing greenhouse gas emissions and promoting the low-carbon transformation of society. 	<ul style="list-style-type: none"> • Climate change can lead to extreme weather events such as floods and droughts, which can damage infrastructure, cause production disruptions or property damage; disrupt the supply chain, leading to production interruptions or increased production costs; and harm human health, increasing expenditures on employee safety and welfare. • The introduction of climate-related laws, regulations, and policies in various countries may increase compliance costs; capacity expansion may be affected by laws, regulations and policies, restricting capacity expansion and reducing profitability; the renewal and replacement of outdated production equipment may increase compliance costs. • If carbon emissions are not effectively managed, the fulfillment of carbon emission rights such as purchasing quotas will increase operating costs and affect the corporate reputation. • In the context of climate change, the prices of grid electricity and fossil fuels may fluctuate. The Company's energy use type, consumption volume, and energy management strategy may affect the cost and reliability of energy supply, potentially leading to increased operating costs, regulatory risks, and revenue decline. • With effective carbon emission management measures, companies may have surplus carbon emission rights such as quotas. While enhancing the Company's carbon emission management capabilities, selling carbon emission rights such as quotas can bring additional income to the Company. • The increasing demand from customers for high-energy-efficiency and low-environmental-impact products at a lower cost will expand the market demand for green/clean products and services such as wind-solar hydrogen storage, promoting the income growth. • Investing in green energy and clean technologies, such as wind-solar hydrogen, enhances the Company's competitiveness in sustainable development and promotes the expansion of new markets and the acquisition of government subsidies.
<ul style="list-style-type: none"> • The design, development, and production of clean technologies such as wind-solar hydrogen storage, as well as green and low-carbon products, facilitate to optimize the energy structure, promote the utilization of renewable energy, and improve resource efficiency, thereby reducing greenhouse gas emissions and promoting the low-carbon transformation of society. 	<p>/</p>
<ul style="list-style-type: none"> • By integrating the ESG concept into product design, and through the application of green innovation, energy-saving technologies, and environmentally friendly materials, the environmental friendliness and resource efficiency of products are improved, contributing to sustainable development. 	<p>/</p>
<ul style="list-style-type: none"> • Due to the long-cycle of some orders, the procurement and use of key materials may be affected by geopolitical uncertainties, making some products face supply chain risks. • By establishing a close cooperative relationship with customers, Shanghai Electric can better understand customer needs, provide customized products and services, meet customers' personalized requirements, thereby promoting long-term cooperative relationships with customers. 	<p>/</p>



Governance as the Foundation: Leading Innovation in Responsibility

Shanghai Electric deeply integrates a compliance culture and integrity culture into the entire process of corporate development. Adhering to the philosophy of integrity, awareness of rules, and the spirit of contract, the Company has established a scientific, rational and efficient governance mechanism. By improving its compliance risk management system, Shanghai Electric has comprehensively enhanced its risk identification, prevention and control capabilities, laying a solid foundation for the sustainable and steady development of the Group.



Issues addressed in this chapter:

- Anti-Commercial Bribery and Anti-Corruption
- Anti-Unfair Competition
- Data Security and Customer Privacy Protection



Party Building Leadership



Governance Integration

Shanghai Electric promotes the deep integration of Party building and modern corporate governance, integrating the decision-making management requirements of the "Three Importance and One Large" (important decision-making matters, important personnel appointments and dismissals, important project arrangements, and large-sum fund operations) into its governance system, and properly handles the relationship among the Party Committee, the Board of Directors and the management layer. It has revised the Group's operational guidelines on incorporating Party building into the articles of association, and pressed ahead with the standardization and full coverage of such practice in state-controlled enterprises. The Group has fully implemented the practice of including Party Committee decision-making matters and pre-deliberation procedures, together with decision-making items of the Board of Directors and the management layer, into a unified form. It also provides tiered and categorized guidance to Party organizations at all subordinate levels to dynamically optimize their lists of pre-deliberation matters.



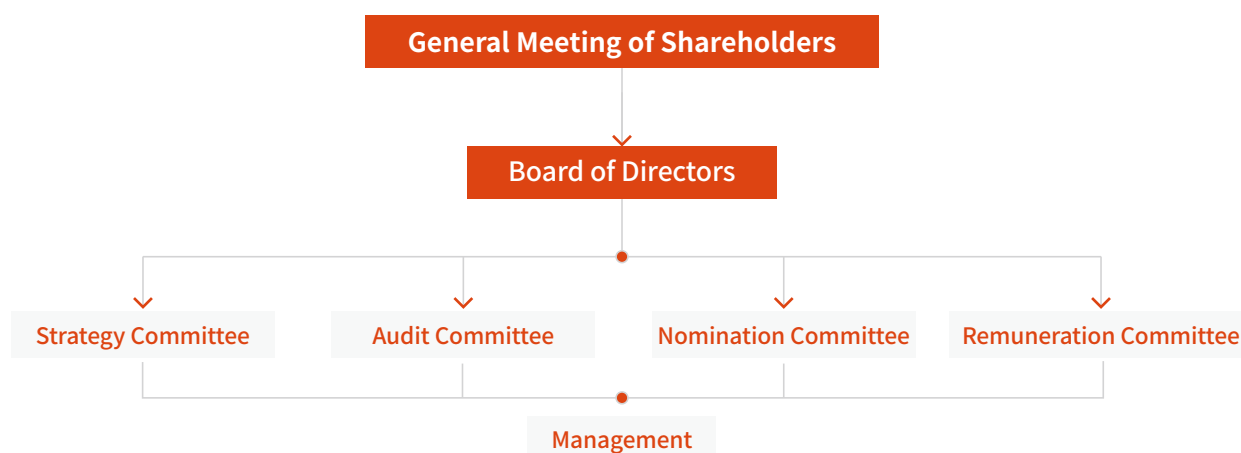
Role Played

Shanghai Electric has organized Party-building themed activities to give play to the role of primary-level Party organizations and Party members in strengthening strategic planning, implementing key national projects, and tackling core "bottleneck" technologies. Focusing on scientific and technological innovation, project research, market expansion, and urgent, difficult, dangerous, and heavy tasks, the Group has advanced a new round of the "Ten, Hundred, Thousand and Ten-Thousand" Party Building Project. It has newly established 31 Party-building brands, and steadily developed 304 cross-organizational Party-building alliances along industrial chains, 283 Party-member vanguard teams, 1,965 Party-member model posts, and 2,077 Party-member responsibility areas. More than 10,000 Party members across the Group have made "on-the-job commitments" under the theme of "Making Contributions to High-Quality Development", acting as the main force for high-quality development and effectively promoting the implementation of a number of key national projects.

Corporate Governance

Shanghai Electric strictly complies with laws and regulations on the governance of listed companies, such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guidelines for Corporate Governance of Listed Companies, and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Group has established a clear-structured and well-defined corporate governance structure internally. The governance entities consist of the general meeting of shareholders, the board of supervisors, the board of directors, and the management. Moreover, professional committees such as the strategy committee, audit committee, nomination committee, and remuneration committee are established under the board of directors to ensure their effective operation within their respective terms of reference.

Governance Framework



As of the date of this report, the Board of Directors consists of **9** directors, of which:

- 3** Executive Directors
- 3** Non-executive Directors
- 3** Independent Non-executive Directors

Members of each committee possess relevant industry experience and professional expertise, and regularly enhance their capabilities through various training programs to perform their duties competently. In addition, each committee member has access to sufficient resources to fulfill their responsibilities and may seek independent professional advice where appropriate.

Case Study: Special Investigation by Independent Directors

In June 2025, the Company's independent Directors conducted special research on some overseas subsidiaries and major projects of Shanghai Electric to gain a deeper understanding of the development strategies, operation and management, and internal control of the overseas subsidiaries. The independent Directors attached great importance to the operation of the Company's overseas subsidiaries and projects. While the Group promoted its "going global" strategy, they emphasized the need to fully understand local policies, continuously improve management and operation capabilities, and draw on experience from overseas projects, so as to contribute to the high-quality development of the Group.



Overseas Investigation by Independent Directors

1. Independence and Diversity

Shanghai Electric has established and improved the working system for independent directors by formulating the Independent Directors System, which sets clear requirements for the nomination, duties and other aspects of independent directors. This ensures the selection and appointment of independent directors in accordance with the principles of integrity and fairness, promotes the standardized operation of the Board of Directors, and better safeguards the interests of all shareholders.

The Company requires that the Board of Directors include at least one-third independent directors. The Company also stipulates that independent directors must have no direct or indirect interest in the Company, its major shareholders or actual controllers. Nor may they have any relationship that could compromise their independent and objective judgment. This ensures board decisions serve the overall interests of the Company and its shareholders. The Board of Directors conducts an annual assessment of the independence of serving independent directors and issues a special opinion, which is disclosed together with the annual report.

All independent directors of the Company are familiar with the rights and obligations of directors and independent directors of listed companies. In performing their duties, they maintain a prudent and responsible attitude and give full play to their professional expertise and experience. They have achieved effective results in improving the

corporate governance mechanism and participating in the formulation of major decisions. They have also provided objective and well-founded opinions on major corporate matters and connected transactions, which has effectively promoted the scientific and standardized decision-making of the Board of Directors, and earnestly safeguarded the interests of the Company and all shareholders.

Regarding diversity, Shanghai Electric has formulated the Board Diversity Policy of Shanghai Electric Group Company Limited. The policy stipulates that director candidates shall comply with relevant laws, regulations, the Articles of Association and other requirements, so as to ensure fruitful discussions at the Board and enable the Board to make scientific, prompt and prudent decisions.

The Nomination Committee shall select director candidates based on objective criteria and merit. The selection criteria include a number of diversity factors, including but not limited to: gender, age, cultural and educational background, professional experience, skills, knowledge, length of service and other factors required by regulations; and the compatibility of each candidate's professional background and skills with the Company's business characteristics and future development needs.

The Board members possess diverse professional backgrounds, covering corporate management, technology research and development, financial management, strategic investment, human resources and other fields. As of the date of this report, among the nine members of the Board of Directors, one is female.

Director Name	Position	Gender	Professional Background
Wu Lei	Chairman, Executive Director	Male	Enterprise Management, Intelligent Manufacturing, Financial Management
Zhu Zhaokai	President, Executive Director	Male	Enterprise Management, Intelligent Manufacturing, Human Resources Management
Wang Chenhao	Employee Director	Male	Human Resources Management, Legal Compliance
Zhu Yun	Non-executive Director	Female	Audit Risk Control
Zhu Jiaqi	Non-executive Director	Male	Clean Energy, Investment Management
Cao Qingwei	Non-executive Director	Male	Engineering Equipment, Clean Energy, Investment Management
Liu Yunhong	Independent Non-executive Director	Male	Legal Compliance
Du Zhaohui	Independent Non-executive Director	Male	Intelligent Manufacturing
Chen Xinyuan	Independent Non-executive Director	Male	Financial Accounting, Audit Risk Control, Corporate Governance

2. Performance and Compensation

Remuneration of directors of Shanghai Electric shall be determined by the shareholders' meeting, and remuneration of the Company's senior management shall be determined by the Board of Directors. Directors' remuneration is set based on factors including job responsibilities, work performance and market conditions. Senior management's remuneration is determined according to their job responsibilities and annual performance assessment results.

Pursuant to the Articles of Association and other relevant laws and regulations, the Company has adopted the Working System for Independent Directors and established a clear reporting mechanism for directors' shareholding and share transactions. All directors are required to comply with the shareholding provisions of the China Securities Regulatory Commission and the stock exchange during their term of office. During the Reporting Period, none of the Company's directors held shares in the Company, and no violations of shareholding requirements occurred. The Company's corporate governance structure complies with the Corporate Governance Guidelines for Listed Companies. Its shareholding policy applies to all directors without distinguishing between executive and non-executive directors in terms of obligations.

The Group has established and refined a mechanism for synchronized growth between employee salaries and corporate operating performance and labor productivity, reasonably determining the salary growth level and the salary adjustment range for employees in different positions. For employee compensation, while maintaining internal fairness, we adhere to the performance-oriented principle, using performance targets as the foundation, and strengthening rigid assessment. For employees who fail the annual assessment, their performance-based compensation will be deducted as required to reasonably widen the compensation gap. For those who violate discipline or laws and are subject to disciplinary sanctions for violating Party or government regulations and other restrictive matters, we will strictly implement compensation deductions, and recover compensation, if necessary.

To further manage ESG performance, we have established a systematic ESG performance assessment mechanism. ESG indicators are included in the performance tasks of management, covering binding ESG-related matters such as workplace safety, social stability, and environmental incidents. Assessment results are directly linked to compensation. The ESG assessment indicators are continuously refined in light of industry characteristics.

Meanwhile, the Group has incorporated the formulation of a carbon emission peaking plan into the annual performance assessment of its industrial groups. It has also included supplier management, cybersecurity, business ethics, workplace safety, and audit risk management on the ESG negative list for assessment by the Group's functional departments, with a veto mechanism to be triggered as appropriate. Through this series of measures featuring clear and quantified performance indicators, the Group aims to drive the implementation of ESG objectives from top to bottom, ensuring the effective execution of its sustainable development strategy.

3. Tax Transparency

The Board of Directors is the supreme governing body of Shanghai Electric in charge of tax-related matters. Shanghai Electric strictly complies with the tax policies of the countries and regions where it operates and actively fulfills its tax disclosure obligations. Based on its overall operational strategy, the Company has issued the Tax Management Policy and adheres to the tax principles of fairness, transparency and business ethics.



Responsible Brands

The Group has always regarded brand building as a strategic support for its enterprise development. It strictly complies with laws and regulations such as the Advertising Law of the People's Republic of China, formulates the Brand Management System, the Brand Visual Manual and the Group Official Website Management, and establishes a three-dimensional brand management system.

Through professional division of labor and cross-departmental collaboration, Shanghai Electric has formed an efficient brand management closed loop. The Corporate Culture Department, as the responsible department for brand management functions, coordinates the systematic promotion of brand classification management, annual brand activities, and the planning and implementation of brand public relations communication at all levels of the Group. The Corporate Culture Department, Market Expansion Department, and Industrial Development Department collaborate to standardize the review and evaluation of the brand classification management model, and standardize and review the authorization of Shanghai Electric's trademarks and trade names. The Group Office (Board of Directors Office), Human Resources Department, and other departments focus on the construction of the shareholder brands and employee brands. Relevant functional departments and subsidiaries provide technical and legal support and collaborate on implementation. The Group strictly implements the News and Publicity Management System and conducts publicity work concerning the Group's central tasks and business strategic objectives at various stages. Throughout the entire process of brand publicity, the Group strictly adheres to the "three rounds of review and three rounds of proofreading" mechanism to ensure the professional accuracy, content dissemination, and compliance and safety of the publicity.

We have clearly defined brand building as the "second growth curve" that drives development, closely integrating market expansion with the enhancement of brand influence. Grounded in ESG principles, we strive to build a benchmark image for sustainable development. With an open mindset, we connect to global resource networks and strengthen international ties through global communications. We continue to promote synchronized progress between brand premium and business growth, committing to shaping an outstanding model for China's intelligent manufacturing to go global — the "Shanghai Electric Example".



Risk Management

In accordance with the provisions of the Basic Norms for Enterprise Internal Control and its supporting guidelines, as well as other internal control regulatory requirements, we have established a complete risk management and internal control system. We continuously conduct self-assessment, drive management improvement and rectify deficiencies, so as to make our management and operations more scientific, standardized and effective. We enhance our ability to prevent various risks, ensure the effective functioning of the risk management and internal control system, and maintain the steady, sound and sustainable development of the Company's business.



1. Risk Control Framework

The Group's board of directors and the audit committee are responsible for supervising and evaluating the integrity and effectiveness of the Company's risk management and internal control system, and deliberating and approving the risk management and internal control evaluation report. The Group's management is responsible for promoting the construction and improvement of the Company's risk management and internal control system, reviewing the Company's plans and reports on risk management and internal control. Meanwhile, we have constructed "three lines of defense" for risk management, so as to build a solid foundation for the Group's steady operation and high-quality development.

Three Lines of Defense for Risk Management

The First Line of Defense—Business Department

Design and implement the risk management and internal control system for relevant businesses, and promote the implementation and execution of control measures and continuously improve internal control and risk prevention measures.

The Second Line of Defense—Risk Management Department

Lead to promote the construction of the risk management and internal control system. Organize the risk identification, assessment, response and reporting on yearly basis, and promote the continuous improvement and refinement of internal control, and urge the implementation of responses to major risks and rectification.

The Third Line of Defense—Audit Department

Carry out comprehensive internal audits of the Company's business, and regularly evaluate the effectiveness of risk management and internal control. A third-party accounting firm is engaged to conduct independent audits and promptly identify potential risks and internal control deficiencies.

2. Risk Control System

Shanghai Electric has established a sound risk management and internal control system and continuously optimized its risk management and internal control framework. It has improved its organizational structure and operational mechanisms, carried out ongoing self-evaluation and management enhancement, and raised the scientificity, standardization and effectiveness of management and operations, so as to ensure the healthy and sustainable development of all businesses.

We have formulated and issued the Risk Management Policy, Management of Operational Risk Reporting and Risk Management Implementation and Reporting, which further define the risk management responsibilities, basic procedures, standard-setting, risk identification and assessment for all departments of the Group, ensuring that risk prevention and control are conducted in accordance with established rules and regulations. The Group conducts risk identification and assessment at least once a year, develops risk prevention and response plans for major risks, tracks implementation progress and effectiveness, and continuously enhances the Company's risk management capabilities. Meanwhile, we have established a comprehensive internal management system and process framework, compiled the Internal Control Manual, and put in place control systems covering key business areas such as fund management, investment, procurement and sales. These documents are continuously revised and improved in line with regulatory requirements and practical management needs, providing sound institutional support for risk management and internal control.

RISK IDENTIFICATION

We focus on extensive and ongoing collection of internal and external information related to risks and risk management, including historical data and future projections. Such information covers, but is not limited to, strategic risk, market risk, financial risk, operational risk, legal risk and compliance risk.

RISK ASSESSMENT

We conduct risk assessments on the initial risk information collected and the Group's key business processes to determine risk levels, which are categorized into three types: general risk, important risk and major risk. A comprehensive risk assessment is carried out at least once a year.

RISK RESPONSE

Based on risk assessments and in line with the business objectives of the Group and the entity, we formulate risk management strategies, including but not limited to risk acceptance, risk avoidance, risk transfer, risk hedging, risk compensation, and risk control.

RISK MONITORING AND EARLY WARNING

We conduct research to establish a risk early warning indicator system, define risk early warning indicators for key areas, strengthen dynamic risk monitoring in such areas, and ensure timely response and early warning.

RISK REPORTING

A risk management communication and reporting mechanism has been established. Through effective communication and feedback, the risk status of the enterprise's operations and assets is promptly identified, and risk management measures are adjusted accordingly.



Emerging Risk Management

As a global leader in industrial equipment and smart manufacturing, Shanghai Electric keeps a close watch on emerging risks that may pose systemic challenges to the Company's long-term development. Based on dynamic monitoring of the macro environment, we have identified the following two categories of emerging risks featuring uncertainty and long-term potential impacts, and incorporated them as key priorities in strategic management.

Risk Type	Geopolitical Risk	Technical Risk (AI-related Cyber Information Security Risk)
Risk Description	The profound evolution of the global geopolitical landscape may give rise to challenges such as escalating trade barriers, regional disruptions to supply chains, and restrictions on technological cooperation. Although such risks have not yet exerted a direct impact on the Company's business, their unprecedented complexity makes it difficult for traditional risk management tools to fully address them. Should these risks materialize, the Company may be forced to adjust its global supply chain layout, restructure key technological cooperation pathways, and face structural impacts on its business models in certain markets.	The rapid penetration of artificial intelligence technologies, while driving industrial upgrading, has also brought about entirely new cyber and information security threats. Such risks are characterized by an evolution speed and technological coupling that go beyond the scope of traditional information security. Failure to exercise effective control may result in large-scale data asset leakage, penetration of intelligent production systems, or compromised credibility of AI-driven decisions. This would in turn require the Company to fundamentally restructure its technology governance system, data security architecture, and even its digital business model.
Risk Impact	<ol style="list-style-type: none"> Rising cost pressure: Geopolitical conflicts have driven up prices of bulk commodities such as crude oil and natural gas, leading to higher procurement costs for raw materials and energy, which squeezes the Company's profit margins. Supply chain disruption risk: Logistics blockades and rising transportation costs in conflict-affected regions may affect raw material supply and product delivery, causing production delays or shutdowns and further impacting revenue performance. Compliance and reputational risk: Political factors or trade restrictions may expose the Company to compliance investigations and operational obstacles, damage brand reputation, and hinder business expansion in sensitive regions. 	<ol style="list-style-type: none"> Data leakage risk: If AI systems process or store large volumes of sensitive data, successful hacker attacks may result in large-scale data breaches, triggering financial losses, customer litigation and reputational crises. Misinformation risk: AI-generated content may contain unverified false information. If the Company's internal decision-making or external communications rely on such information, it may lead to strategic misjudgments, compliance penalties and loss of public trust. System disruption risk: Attacks or failures in the underlying infrastructure supporting AI may cause critical business systems to break down, affecting the continuity of production and services.
Mitigation Measures	<ol style="list-style-type: none"> Dynamic Monitoring and Assessment: The Group complies with Chinese laws and regulations, international prevailing rules, as well as local laws and regulations of the countries where it operates. For businesses conducted in sensitive overseas countries and regions, we have established rigorous pre-investment access assessment and post-implementation dynamic tracking mechanisms. Prior to project launch, in-depth compliance due diligence is carried out covering international sanctions, human rights protection, environmental protection and other aspects. During project operation, continuous monitoring and early warning are implemented to ensure that overseas operations fully comply with international conventions and ESG compliance requirements, firmly guard against compliance risks, and safeguard the sustainable development of global business. Supply Chain Resilience Enhancement: Improve the supplier risk management system and enhance supply chain transparency through digital platforms; develop alternative supplier plans for core raw materials and promote localized procurement to reduce the risk of supply disruptions. 	<ol style="list-style-type: none"> Systematic Security Protection: Establish and improve cyber and information security management systems, clarify the responsible department for the administration of AI technology applications, and strengthen full-lifecycle protection of data assets and infrastructure. Regulatory Compliance and Technical Upgrading: Regularly update information security policies and implement hierarchical management and control of sensitive information; actively pursue security certifications such as ISO 27001, and conduct penetration testing and data recovery drills. Enhancement of Staff Security Awareness: Integrate information security into employee performance appraisal, organize regular data security training and risk alert publicity, and strengthen the enterprise's overall security defense culture and emergency response capabilities.



Legal System Development

We have established a leading group and a working group for legal development to coordinate and advance the Group's efforts in enhancing the rule of law. The primary person responsible for legal development is the enterprise's principal leading person, who fulfills corresponding duties. The focus of legal work is to continuously safeguard the Group's strategic development and major business activities.

During the Reporting Period, we kept abreast of the latest policies in the new energy business. In line with the national carbon peaking and carbon neutrality goals, we conducted in-depth research on global green energy certification systems to support industrial transformation and development. We leveraged the professional strengths of the Intellectual Property Rights Protection Station to carry out patent verification for cutting-edge scientific and technological research and development. We held salons on "Intellectual Property Protection and Risk Prevention" and events on "High-Value Patent Protection", promoted high-value patent portfolio development and trade secret protection, and empowered technological innovation. We embraced global competition, encouraged the overseas expansion of competitive industries and businesses, and directly addressed geopolitical challenges and global compliance risks. We formulated response plans for foreign-related sanctions and shared cross-border legal resources to safeguard international operations. We reviewed enterprise reform plans in accordance with the law, promoted value restructuring, and supported key reform initiatives.

We have integrated the joint forces of the rule of law into governance effectiveness for coordinated risk prevention and control. We actively promote collaboration between compliance management and legal, supervision, audit, internal control and other functions, carry out joint supervision and inspections, identify problems in a coordinated manner and promote targeted rectification, and regularly evaluate and improve the effectiveness of the collaborative supervision system.



Case Study: Contract Legal Health Check

To further assess the development and implementation of the contract management systems of the Industrial Group and its subsidiaries, objectively identify existing issues, help enterprises improve contract management capabilities, and strengthen the source governance of contract risks, the Group Legal Department took the lead in organizing nearly 20 key members of the legal team in 2025. Together with the Group Office, Audit and Risk Control Department and Economic Operations Department, a working group was formed to conduct the 2025 annual Contract Legal Health Check across the entire Group.

In the first phase of the Contract Legal Health Check, each industrial group conducted self-inspections in accordance with the Group's unified requirements. In the second phase, from June to mid-October, the Group working group carried out sample inspections of more than 60 enterprises across 15 industrial groups and directly affiliated units through document review and on-site interviews, focusing on key industrial sectors, engineering enterprises and emerging industries. This inspection has consolidated and summarized the identified issues and typical cases and put forward targeted management recommendations.



3. Risk Culture

We are committed to building a systematic risk management culture mechanism and regularly organize joint risk analysis activities with various business departments. In this process, we advance step by step from cause analysis and measure formulation to information sharing, and continuously strengthen the concept that "everyone is responsible for risk management". This has effectively promoted cross-departmental synergy in risk control and comprehensively enhanced risk awareness among all employees.

In addition, we regularly hold Audit Committee meetings every year and provide training for directors on risk management, compliance and other related areas. Meanwhile, focusing on high-risk areas such as investment and engineering, we organize targeted training for employees at all levels through diversified approaches including policy interpretation, business promotion and case studies, so as to effectively enhance employees' risk awareness and improve their risk anticipation and response capabilities.



Case Study: Special Training Series on Risk Management

2025 is designated as the "Year of Management Improvement" for the Group. One of the key annual tasks is to "uphold the bottom line of safety, intensify the resolution and disposal of risks, and strengthen the prevention and control of new risks".

The Group launched a special training series on risk management, developing 15 micro-courses centered on the Negative List for Investment and Operation Management. A dedicated team of instructors was arranged to deliver specialized lectures. During the training, they not only explained the provisions but also answered questions in combination with daily work scenarios, ensuring that the course

content was closely aligned with the Group's business reality while maintaining professional depth and practical guidance. The training was widely recognized by participants. To further strengthen the training effect, an online assessment session was conducted on site, aiming to "promote learning through examination and consolidate knowledge through testing". In 2025, a total of 4 special training sessions were organized, with an accumulated attendance of 850 participants.



15 Micro-courses in the Special Training Series on Risk Management

4. Crisis Management

Shanghai Electric has always regarded crisis management as a vital safeguard for the steady development of the enterprise. We adhere to a systematic mindset to build a comprehensive and three-dimensional crisis prevention and response system. Faced with a complex and volatile market environment and industry challenges, we have established a regular risk assessment and monitoring mechanism, and coordinate internal and external resources across departments to ensure the orderly connection of all links: risk identification, early warning, decision-making, response and recovery.

In daily operations, we emphasize the regular cultivation of crisis awareness. Through regular scenario-based drills, reviews of typical cases and targeted training programs, we continuously enhance the emergency response and coordinated handling capabilities of all employees. In the event of a crisis, we promptly activate the emergency response plan, adhere to the principles of openness, transparency and proactive communication, deliver accurate information to stakeholders in a timely manner, actively guide public opinion and minimize the impact of the crisis. We also attach importance to systematic reviews and mechanism optimization following crises, drawing on experience to improve systems and continuously enhancing the enterprise's resilience and capacity for sustainable development.

During the Reporting Period, no material crisis incidents relating to ESG aspects occurred within the Group. We will continue to deepen the development of our crisis management system, integrate risk management deeply into business development and strive to establish industry-leading crisis management practices, so as to contribute solid support to safeguarding the security of major national equipment manufacturing and serving economic and social development.

Business Ethics

Shanghai Electric strictly complies with the Anti-Unfair Competition Law of the People's Republic of China, the Interim Provisions on Prohibiting Commercial Bribery, the Anti-Money Laundering Law of the People's Republic of China, the Anti-Terrorism Law of the People's Republic of China, as well as other laws and regulations of the People's Republic of China and other countries and regions where it conducts business operations and investments, including those related to the prevention of bribery, extortion, fraud, money laundering and anti-unfair competition.



1. Integrity Supervision

Shanghai Electric has built a robust anti-corruption and integrity framework, issuing key policies including the Guidelines on Deepening and Refining the Implementation of the "Four-Responsibility Coordination" Mechanism for Full and Strict Governance of the Party Committee (for Trial Implementation), the Measures for Preventing Conflicts of Interest in the Operation and Management Activities of State-owned Enterprises, the Administrative Measures for Problem Clues of Discipline Inspection and Supervision Organizations, the Handbook for Supervision and Discipline Enforcement by Discipline Inspection and Supervision Organizations, the Administrative Measures for the Integrity Files of Leading Cadres, the Administrative Measures on Gift Acceptance and other rules and regulations, These policies cover supervision, inspection, investigation, anti-corruption governance, and integrity culture building, forming a full-chain control mechanism across prevention, supervision, disposal, and education.

The Party Committee of Shanghai Electric exercises overall leadership over the work of exercising full and strict governance over the Party, and is responsible for top-level design and overall arrangement. In accordance with the deployment of the Party Committee, the Board of Directors is responsible for formulating management objectives and overall requirements for integrity in practice, approving relevant systems and supervising their implementation. The Discipline Inspection and Supervision Office is the specialized agency responsible for the supervision of integrity in practice, and independently conducts investigation and handling of violations of regulations and disciplines. All business departments are responsible for the prevention and control of integrity risks in their respective fields, promptly identify and transfer problem clues, and cooperate with the Discipline Inspection and Supervision Office in relevant work.

Meanwhile, we have established a three-level integrity supervision and management mechanism, laying a solid foundation for the Company's clean governance work.

Three-level Anti-corruption Supervision and Management Mechanism

First level: Leading and decision-making of the Party Committee

The Party Committee of the Group provides overall leadership over the work of integrity and compliance, and is responsible for top-level design and overall deployment. The Board of Directors formulates management objectives and systems in accordance with the requirements of the Party Committee, and the Board of Supervisors performs its oversight duties.

Second level: Specialized supervision and implementation

As the specialized agency, the Discipline Inspection and Supervision Office independently conducts investigations and handles violations. Departments including audit, risk control, inspection, legal affairs, finance and human resources coordinate and cooperate to form a joint oversight force.

Third level: Frontline responsibility implementation

Heads of business departments and leaders of all subordinate entities serve as the primary persons responsible, performing the "dual responsibilities of one post". They implement integrity risk prevention and control measures in their respective areas to ensure that oversight requirements are extended to frontline positions.

We regulate the conduct of all employees and suppliers through systems including the Employee Handbook and Supplier Code of Conduct, covering key areas such as anti-commercial bribery, fair competition, conflicts of interest, insider trading, and compliance management for customers and suppliers. This helps all relevant parties including employees and partners correctly understand and address business ethics issues, and safeguards the sustainable development of the Group.

2. Reporting Management

Shanghai Electric always upholds the principles of integrity and honesty in its business operations and adopts a zero-tolerance attitude toward any violations of business ethics and anti-corruption rules. To promptly identify corrupt practices, we have established multiple reporting channels, including letters and visits, in-person reporting, online reporting, and telephone reporting, to receive tip-offs from internal and external personnel.

Reporting Channels



Letter & visit reporting In-person reporting: No. 110 Sichuan Middle Road, Shanghai, China (Postal Code: 200002)



Online reporting: <https://www.shanghai-electric.com/group/qdlx/>



Telephone reporting: 8621-33261888

Upon receiving internal and external reports, we will review and assess each report, and forward it to the responsible departments including the Letters and Visits Office, Discipline Inspection and Supervision Office, and Audit & Risk Control Department for investigation and handling.

We attach great importance to the protection of whistleblowers. We strictly abide by regulations such as the Shanghai Electric Discipline Inspection and Supervision Petitioning Work System, the Administrative Measures for Problem Clues of Discipline Inspection and Supervision Organs, the Working Rules for Handling Reports and Complaints by Discipline Inspection and Supervision Organs, and the Regulations on Petitioning Work. In addition, we have established a sound confidentiality system for reports and complaints, fully implemented confidentiality requirements for whistleblowers and reporting information, and clearly prohibited any organization or individual from retaliating against complainants. For violations, we will seriously investigate and deal with them in accordance with regulations, disciplines, and laws. If a crime is constituted, criminal liability will be investigated in accordance with the law to effectively protect the legitimate rights and interests of whistleblowers.

During the Reporting Period, no cases of corruption litigation occurred within the Group.

3. Business Ethics Audit

Shanghai Electric has always adhered to high-standard business ethics principles, continuously improved its business ethics risk prevention and control system, maintained unobstructed channels for reporting violations and exercised strict oversight over key areas including integrity and self-discipline, anti-corruption and honest operation. The Company firmly opposes all forms of unfair competition and violations of laws and regulations, so as to prevent operational risks and enhance governance capabilities.

For the prevention and control of business ethics risks, the Group has established a self-inspection and rectification system as well as a special verification mechanism, ensuring that all core operational processes relating to business ethics are subject to a full-scope audit at least once every three years. In terms of self-inspection and rectification, all business departments achieve 100% coverage of self-inspection through regular reviews and effective rectification verification. For special verification, internal audit systematically plans audit priorities each year based on the internal control manual, risk map, business analysis and other methods. In 2025, following the model of "unified planning plus vertical collaboration", the Group promoted more than 200 audit projects throughout the year, among which 137 included process inspections against procurement fraud. Rectification of issues identified in inspections is incorporated into the annual performance assessment. In 2025, the completion rate of rectification plans for procurement process-related issues reached 100%. In 2026, the Group will conduct a special audit on the development of a long-term mechanism for procurement management to further strengthen the prevention and control of business ethics risks.

4. Integrity Oversight

Every year, we formulate a plan for integrity risk investigation and carry out special integrity risk investigation operations; organize companies at all levels to comprehensively investigate the integrity risks of key positions in various departments, sort out integrity risk points, and formulate targeted prevention and control measures. Additionally, we establish integrity files for leading cadres, strengthen the daily supervision of personnel in key positions involving human resources, finances, and materials, and supervise the implementation of the regular job rotation system. By doing so, corruption problems caused by long-term work in the same position is prevented, ensuring the compliance and fairness of the Company's human resources management, and improving the Company's integrity governance level.

5. Cultural Development

Shanghai Electric actively fosters a corporate culture of integrity and strengthens integrity awareness among its employees. During the Reporting Period, the Company provided mandatory anti-fraud, anti-corruption, and business ethics training to all employees (including full-time employee, part-time employee, contractor and intern), as well as to the Board of Directors. Leveraging platforms such as the official WeChat account of Shanghai Electric, the internal journal Ji Yu, and the "E-College" online platform, the Company carried out integrity promotion initiatives including case studies and training courses to enhance employees' awareness of integrity and consolidate their personal integrity defense lines.

During the Reporting Period, Shanghai Electric's business ethics-related training is summarized as follows:

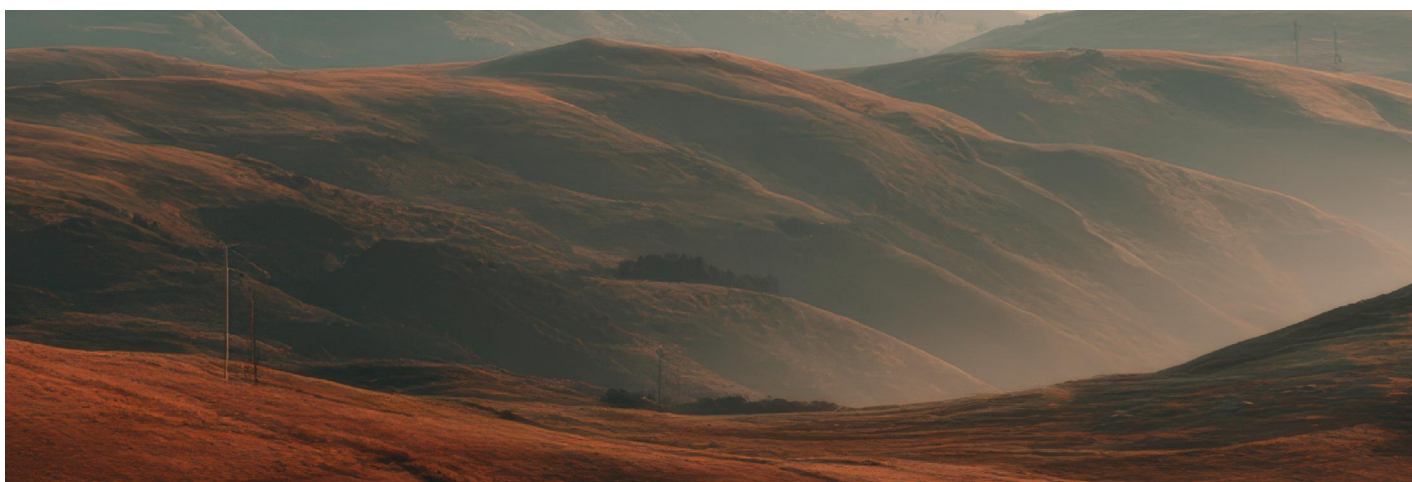
- Full Coverage:** Business ethics training and promotion have been delivered to all employees, including full-time employees, part-time employees, contractors and interns, with a coverage rate of 100%.
- Board Participation:** All directors have completed business ethics-related training, with a participation rate of 100%.
- Training Duration:** The average duration of business ethics training for relevant personnel is 3 hours.
- Supply Chain Extension:** Integrity awareness promotion has been conducted for suppliers (including contractors), achieving a coverage rate of 100%.



Case Study: Meeting on in-depth study, education and warning against violations of the Eight-point decision on improving Party and government conduct

In June 2025, Shanghai Electric held a meeting on in-depth study, education and disciplinary warning to fully implement the spirit of the Eight Rules. The meeting emphasized that efforts to improve work conduct must maintain a high-pressure stance, with "zero tolerance" for violations committed in disregard of regulations. Any such violations shall be investigated, handled and held accountable without leniency once discovered. It was required to strengthen the enforcement of discipline and improvement of work style, focus on key areas with concentrated power, intensive capital flows and abundant resources, improve the institutional system, and refine the mechanisms for power operation and oversight. Equal emphasis should be placed on punishment and prevention, promote coordination and integration of oversight responsibilities, form a "comprehensive oversight framework" to achieve full and unrestricted oversight coverage. High-quality development of the oversight workforce should be advanced to enhance practical capabilities, ensuring that oversight and support capabilities keep pace with the Group's development.

Employees attending the meeting collectively watched a disciplinary warning video. Through case-based education on ethics, discipline, laws and responsibilities, participants drew profound lessons from typical cases of violations of the Eight Rules. The meeting educated and guided Party members and officials to further enhance their sense of awe, maintain vigilance and abide by the bottom line of conduct.





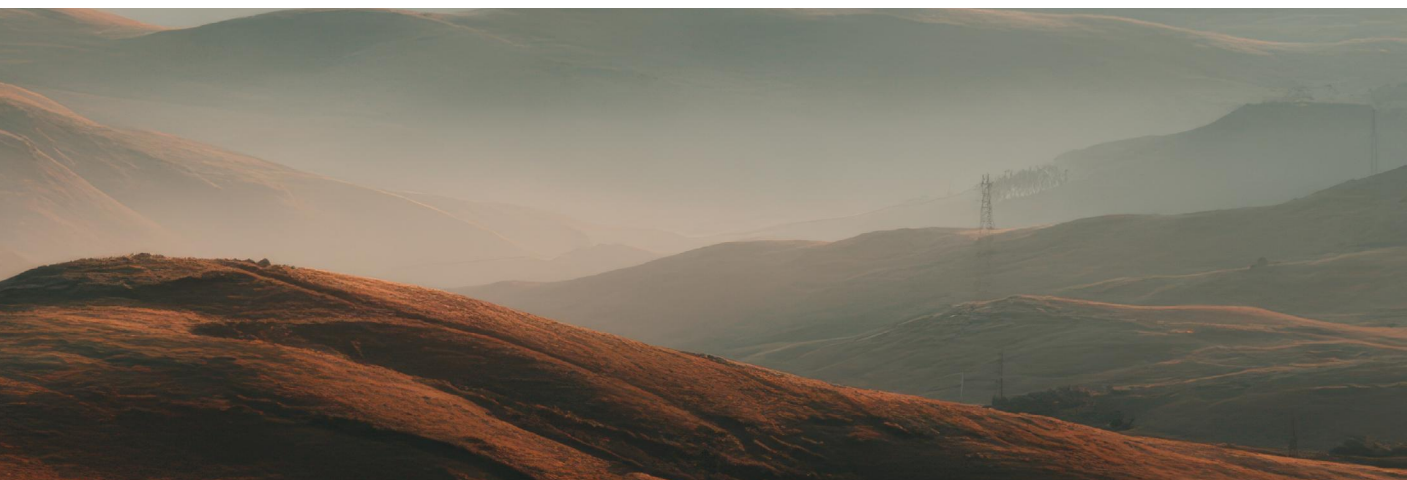
Case Study: Online Premiere of the Integrity-themed Sketch Doors and Pathways Helps Foster a Deep-Rooted Culture of Clean Governance

To further strengthen the Party conduct and integrity development within the Group, fully implement the spirit of the Eight Rules, and effectively enhance the appeal, penetration and influence of integrity education, Shanghai Electric launched the integrity-themed sketch Doors and Pathways in September 2025, which was presented to employees through offline tours and online exhibitions.

Centered on irregular related-party transactions, the sketch incorporates current hidden and evolving disciplinary violations such as gift-giving via couriers, equity holding on behalf of others, and benefit transfers to specific connected persons. It tells a story of Party members and officials in state-owned enterprises exercising power with integrity, fulfilling their duties and upholding ethical bottom lines. It also depicts the ideological transformation and growth of young Party members when confronted with workplace temptations, encouraging everyone to choose the right "door" and take the upright "path". Through humorous plots and expressive stage performances, the sketch vividly reveals problems and conveys reflections on unhealthy social practices amid laughter. It allows the audience to understand its admonitory and warning messages in a relaxed atmosphere, promotes the continuous spread and deep-rooted growth of positive energy within the Group, and achieves the integration of practicality, entertainment and educational value.

6. Anti-unfair Competition

Shanghai Electric has always adhered to legal and compliant operation, strictly abided 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, firmly fought against any form of unfair competition behaviors. We firmly believe that fair competition is the cornerstone for promoting the healthy development of the industry and technological progress, and we resolutely resist unfair means such as malicious low-price competition, commercial bribery, and false advertising. We call on our industry colleagues to jointly maintain a good market order, work together to create a fair, transparent, and sustainable competitive environment, and contribute to the high-quality development of manufacturing industry and the enhancement of its global competitiveness.



Information Security and Privacy Protection

Shanghai Electric strictly complies with laws and regulations including the Cybersecurity Law of the People's Republic of China, Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, Administrative Measures for Data Security in the Field of Industry and Information Technology (for Trial Implementation), Regulation on Network Data Security Management and other laws and regulations. The Group has formulated systems and standards including the General Rules for Informatization Management, Information Security Management and Control, Information System Construction and Control and Service and Operation & Maintenance Management. It has established a comprehensive and unified protection system for information network security and data security management, as well as technologies and privacy protection measures such as identity authentication, authority control, data classification and grading, and privacy computing. Under the framework of "regulated management, technical protection and orderly operation", the Group ensures cybersecurity, data security and business continuity in the complex global digital environment and builds a strong digital security barrier.



1. Cybersecurity and Data Security Management and Prevention

The Group's Cybersecurity and Informatization Leading Group serves as the top decision-making body for cybersecurity and informatization initiatives. It has a subordinate working group for cybersecurity and informatization and has established long-term mechanisms for cybersecurity and data security. The Digital and Informatization Department is designated as the competent department for cybersecurity and data security, responsible for formulating the Group's overall strategies, institutional systems, technical architectures and standards for cybersecurity and data security, as well as conducting supervision and inspection. Each business department is accountable for data management and governance within its respective business scope. Shanghai Electric Digital Technology provides technical support and operation and maintenance services to implement security protection for the Group's cyber infrastructure and data assets.

To build a cybersecurity ecosystem featuring proactive defense, compliance-driven governance and full participation, and to establish information security as a core foundation for the Group's digital transformation and a guarantee of brand reputation, Shanghai Electric has established a leading group for cybersecurity and informatization. As the responsible institution for the Group's information security, it provides overall coordination of relevant work. A subordinate working group for cybersecurity and informatization has been set up under the Leading Group to promote the implementation of the goals and tasks of cybersecurity and informatization.

We adhere to overall planning and top-level design. Based on planning, we systematically advance the Group's cybersecurity and data security efforts through a full-chain working mechanism including collaborative communication, regular reporting, supervision and inspection, and meeting-based decision-making. We strengthen the security of cyber ideology, data security, and critical information infrastructure at all levels of the Group, ensuring that informatization development is conducted in a standardized, orderly, secure, controllable and efficient manner.

Multi-level Emergency Response and Reporting System for Network and Data Security

Based on the classification of cybersecurity and data security incidents, the Group has established a multi-level emergency prevention and response mechanism covering the Group, industrial groups and subordinate enterprises, as well as regular and ad-hoc reporting systems. Regular reporting is carried out by the task force through routine monitoring, analysis and tracking, with an annual report produced to systematically summarize progress in cybersecurity and informatization. For urgent ad-hoc matters, major emergencies and key difficult issues, the leading department of the task force develops special reports and submits them to the leading group in a timely manner. In the event of a major cybersecurity incident at a subsidiary enterprise, the enterprise shall also fulfill its reporting obligation to the higher-level authority simultaneously, so as to ensure unimpeded information flow and timely response.

To address the increasingly complex cybersecurity threats, the Company has continuously strengthened its technical protection capabilities for information security, established a regular vulnerability scanning and assessment mechanism, enhanced data classification and grading as well as full-cycle security incident management. By steadily improving cybersecurity risk control, the Company has further enhanced its proactive defense capabilities to ensure business stability and data security.

Compliance Requirements

System and Compliance:

Clear and strictly enforced employee codes of conduct cover areas including working environment, computer network usage, information equipment operation, email security, anti-virus requirements, account security, application management and data application. Meanwhile, the conduct of management and operation & maintenance personnel is standardized in accordance with the full life cycle management and processing of data.

Strengthen Technical Protection Capabilities

Vulnerability Analysis:

A regular vulnerability scanning and assessment mechanism has been established to conduct systematic and targeted vulnerability analysis on a regular basis. In 2025, through monitoring activities including vulnerability scanning and penetration testing, we issued more than 20 internal high-risk cybersecurity rectification notices and supervised 20 subordinate enterprises in remediating high-risk vulnerabilities.

Strengthen Data and Asset Management

Hierarchical Management:

In accordance with the Administrative Measures for Data Security in the Field of Industry and Information Technology (for Trial Implementation), we have established a hierarchical management and control framework based on the affected objects and impact levels of data. Core data and important data are separately identified in line with national regulations and subject to the highest level of protection.

Incident Management:

An incident classification and early warning mechanism has been established. Response procedures, risk investigation, incident handling and prevention mechanisms are determined according to incident levels.

Deepen Cybersecurity Risk Management

Security Inspection and Penetration Testing:

Regular security vulnerability scanning and penetration testing are carried out. Internal cyber attack-defense drills and emergency response exercises are conducted to enhance the overall protection capability, fully ensuring the stable operation of the Group's information systems, data security and business continuity.

Internal and External Audits:

Annual cybersecurity inspections and audits are organized. In 2025, we conducted the annual cybersecurity inspection and audit, covering on-site spot checks of 19 subordinate enterprises of the Group. A total of 91 rectification requirements and 43 work recommendations were put forward. More than 100 internal and external early-warning notices were issued and forwarded throughout the year, helping subordinate enterprises respond to the latest cybersecurity risks in a timely manner and improving the overall cybersecurity assurance capability.



**Information
Security
Certification**

The Group incorporates the development and certification of the information security system into its regular management mechanism. It actively advances the development and certification of the information security system, and assists industrial groups and subordinate enterprises in launching and implementing classified protection certification projects. As of the end of the Reporting Period, enterprises under Shanghai Electric including Shanghai Electric Digital Technology have obtained ISO 27001 certification.

In the future, the Group will continue to deepen the development of its information security system, strengthen end-to-end security protection capabilities, and build a solid security barrier for digital transformation.



**Information
Security
Culture
Development**

To strengthen the company's information security defense line, we have continuously promoted the development of an information security culture, fostered a culture featuring full participation and in-depth defense, and further consolidated the company's information security foundation. We organize special cybersecurity awareness training every year and encourage subsidiaries to actively participate in the national Cybersecurity Week campaigns. In addition, we conduct regular security publicity through multiple channels such as internal emails and security screensavers.

In 2025, we held 4 cybersecurity briefings and analysis meetings, as well as 4 meetings for executives in charge of digital and IT affairs, to communicate and publicize cybersecurity policies and the latest security landscape, while guiding and supervising subsidiaries in implementing cybersecurity measures. To improve the security awareness of all employees, the Company continued to carry out comprehensive training and interactive practices. The annual cybersecurity awareness training covered more than 10,000 employees. More than 100 subsidiaries participated in the national Cybersecurity Week activities, reaching over 20,000 employees. Through targeted publicity via internal emails, security screensavers and other channels, we organized more than 20,000 employees to participate in a "phishing email prevention" drill, further enhancing their security awareness.

During the Reporting Period, the Group did not experience any data security incidents.

2. Privacy Protection

Shanghai Electric is committed to protecting the personal information of customers, employees, and business partners in all its business activities, ensuring that their right to privacy is fully respected and safeguarded. We strictly adhere to the requirements of the Personal Information Protection Law of the People's Republic of China, and have formulated strict privacy protection policies. When collecting and using personal information, we ensure compliance with the principles of legality, fairness, and transparency. Additionally, we employ standardized de-identification techniques for personal sensitive information involved. Every year, we dispatch dedicated personnel to conduct on-site spot checks on the implementation of personal information protection policies by our subsidiaries. For example, we check whether individuals are fully informed about the scope and purpose of information collection and whether their consent has been obtained during the collection process. We also conduct spot checks and verification on whether corresponding security protection measures have been implemented for personal sensitive information.

For customer data, we have implemented protective measures, including access controls, encryption, and regular audits, covering its acquisition, processing, and use. Concurrently, we maintain complete audit trails for all operations and conduct security audits to strictly mitigate the risk of customer information leakage. Special confidentiality management for major projects has been reinforced to ensure strict confidentiality accountability.

In terms of employee privacy protection, Shanghai Electric

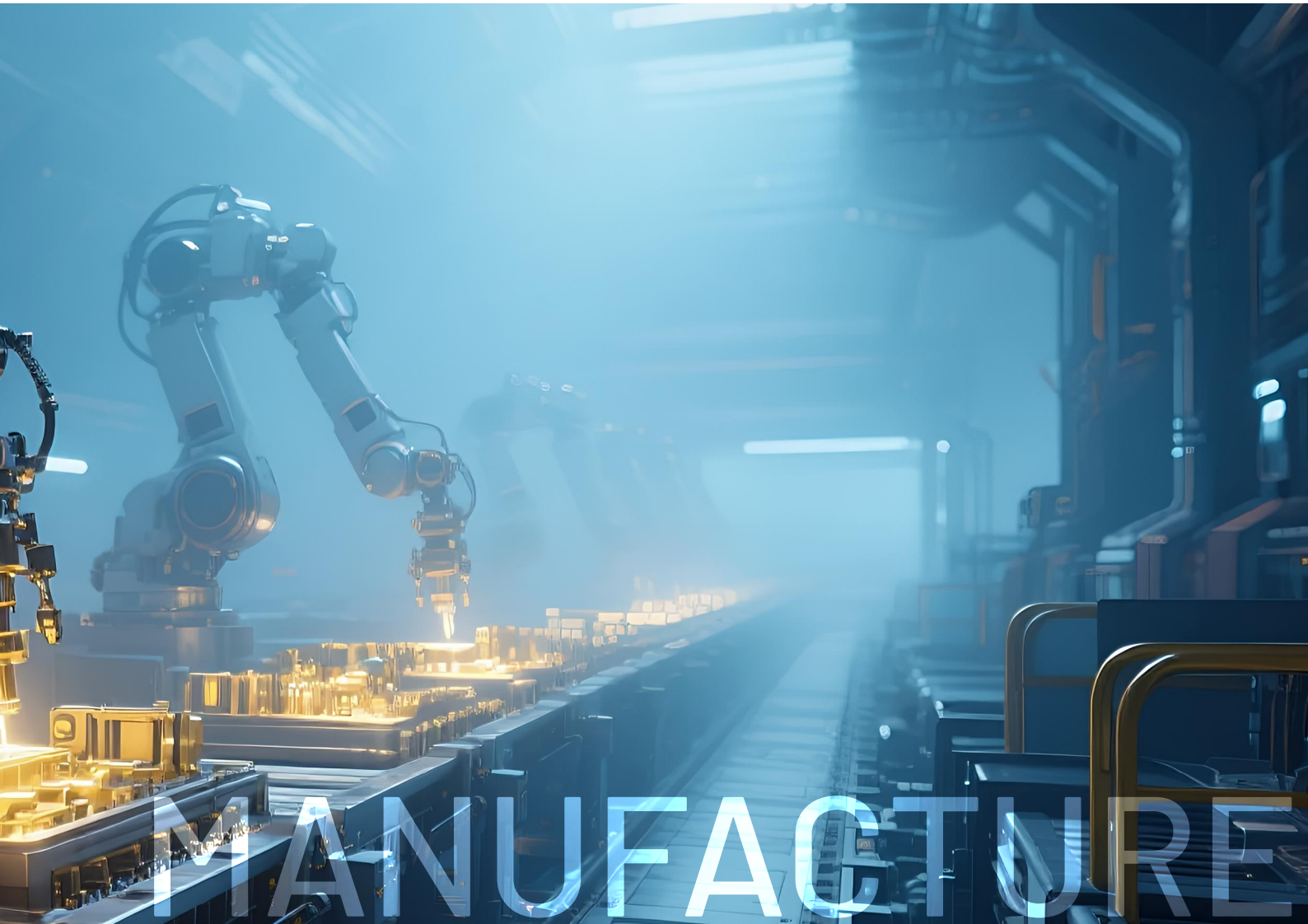
attaches great importance to the protection of employee personal information. We have strictly implemented relevant management requirements and formulated systems to clarify three core requirements for personal information protection: (1) Principle of Data Minimization: Data collection is limited to the minimum necessary for business purposes; processing is confined to the necessary scope; and retention periods are set to the shortest duration required by laws, regulations, or agreements, thereby reducing security risks at the source. (2) Strengthening Informed Consent: Before collecting personal information, the purpose, scope, method of use, and retention period must be clearly communicated in an understandable manner. Processing proceeds only after explicit consent is obtained. (3) Strict Control of Data Sharing with Third Parties: A risk assessment must be performed prior to any external data sharing. If sharing is necessary, a data protection agreement must be executed with the recipient, and its data protection capabilities must be verified. In cases involving cross-border data transfer, strict security assessments and prior approval procedures are mandatory to ensure users' rights to knowledge and consent are effectively upheld.





High-End Manufacturing: Upgrading the Industrial Landscape

Shanghai Electric attaches equal importance to independent innovation and collaborative development. It is committed to building a highly coordinated scientific and technological innovation system, continuously increasing R&D investment and optimizing the layout of innovation platforms, and has achieved key technological breakthroughs and industrialization results in multiple cutting-edge fields. Meanwhile, we have established a full-chain guarantee system covering intellectual property rights, quality management and customer service. By strengthening the foundation of quality and improving service efficiency, we have laid a solid foundation for industrial upgrading and sustainable development.



Issues Addressed in This Chapter:

Product and Service Safety and Quality

Innovation-Driven Development



Independent Innovation

1. Innovation Layout

Shanghai Electric closely follows the overall requirements of "serving national strategies, meeting national needs, and developing new quality productive forces". It fully implements the concept of "organized research", comprehensively advances the initial stage of the 15th Five-Year Science and Technology Plan, and systematically increases investment in scientific research. Focusing on major projects, optimizing the innovation ecosystem, and deepening collaborative cooperation, the company has made remarkable progress in R&D investment, demonstration of major projects, development of innovation ecosystem, government cooperation, as well as development of scientific and technological platforms and talent teams, laying a solid scientific and technological foundation for the Group's high-quality development.

Science and Technology Innovation Development Strategy

Shanghai Electric's 15th Five-Year Plan Science and Technology Innovation Development Strategy

Core Direction	Centered on empowering industrial development through technology, we adhere to high-level self-reliance and strength in science and technology, fully serve national strategies, intensify efforts in original innovation and breakthroughs in key and core technologies, promote the deep integration of scientific and technological innovation with industrial innovation, and lead the development of new quality productive forces.
Core Framework	Innovation-driven, integration of science and industry, talent aggregation, platform support and ecological collaboration.

Science and Technology Innovation System

Shanghai Electric strives to build a coordinated and efficient science and technology innovation system. It has established a linkage mechanism among its subsidiaries, industrial groups and the Central Research Institute. By clarifying the respective decision-making and management responsibilities of the management and the board of directors, and ensuring these responsibilities are effectively implemented at every level, we have formed a clearly hierarchical system for science and technology work with clear lines of authority and responsibility.

Shanghai Electric's Science and Technology Innovation System

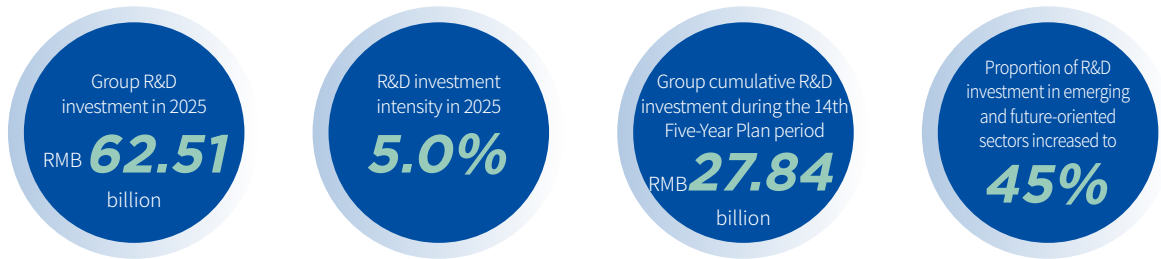
Board of Directors of the Group	Approve the annual science and technology research budget.
Group Management	Approve the initiation of major group projects and review the annual science and technology research budget.
Department of Science and Technology Innovation & Central Research Institute	Focus on the preliminary R&D of forward-looking, leading and generic technologies, so as to provide core technological sources for the Group's future industrial development.
Industrial Group	Provide collaborative support, liaise with relevant cooperative partners in the industry, conduct comprehensive evaluation of demand information and coordinate project initiation among subsidiaries.
Subsidiaries	As the primary entity of scientific and technological innovation, it focuses on market demand and technology spillover, and undertakes the functions of R&D project implementation, achievement transformation and industrialization.

To further improve its science and technology innovation system, the Group has established a multi-level meeting mechanism including the Science and Technology Conference and the Technology Committee, strengthening the whole-process management of science and technology projects. The Group Technology Committee is responsible for strategic overall planning and mainly exercises the final approval authority over the Group's medium and long-term science and technology plans, the initiation of major projects, and the annual scientific research budget. During the Reporting Period, the Group established 63 professional and technical committees, such as the High-Efficiency Clean Coal-Fired Power Technology Committee and the Hydrogen Energy Equipment Technology Committee. Focusing on the three core functions of "technology research and judgment, innovation decision-making and assessment support", these committees conduct technical seminars and project demonstrations, provide benchmarking reports on industry developments and Shanghai Electric's progress as well as follow-up R&D recommendations, and define annual science and technology development goals for each professional field. This hierarchical system aims to ensure that technological innovation not only achieves professional depth but also enables efficient collaboration and serves the Group's overall strategy.

R&D Investment

Shanghai Electric has always adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and firmly implemented a series of important instructions and work deployments issued by the Central Government, the Municipal Party Committee and the Municipal Government regarding the development of the high-end equipment manufacturing industry and the accelerated formation of new quality productive forces. Guided by the benchmark of "becoming a model of independent technological innovation" and the action directives of "staying ahead in the high-end, smart, and green transformation, blazing new trails in accelerating the development of new quality productive forces, and serving as a pioneer in achieving sci-tech self-reliance and self-strengthening at higher levels", the Group closely centers on the overall requirements of "serving national strategies, meeting national needs, developing new quality productive forces, building core competitiveness, and realizing high-quality development". It is actively optimizing its industrial layout and strengthening the leading role of scientific and technological innovation.

Shanghai Electric has continuously strengthened its technical capabilities and steadily increased R&D investment to consolidate its technological foundation and drive long-term development. In 2025, the Group's R&D investment reached RMB 6.25 billion, with an R&D investment intensity of 5.0%. During the 14th Five-Year Plan period, the Group's cumulative R&D investment amounted to RMB27.84 billion, of which the share of R&D investment in emerging and future-oriented sectors rose to 45%.



Looking ahead to the 15th Five-Year Plan period, Shanghai Electric will "accelerate the advancement of organized research, take scientific and technological innovation as the core driving force, and lead the Group's high-quality development". It will align with national strategies at a higher level, and courageously act as the main force in key areas concerning national strategic security and industrial competitiveness. By continuously increasing R&D investment, developing high-quality original technological sources, enhancing the supply capacity of cutting-edge technologies, and striving to bridge the "last mile" in the transformation of scientific and technological achievements into real productive forces, Shanghai Electric will play a leading and mainstay role in developing new-quality productive forces and achieving high-level sci-tech self-reliance and self-improvement.

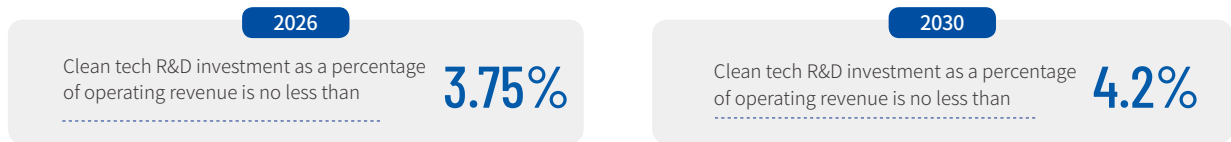
Meanwhile, we have undertaken a series of major national projects and continuously increased investment in strategic emerging industries and key future-oriented sectors such as clean energy, automated equipment and high-end robots.

Clean Tech Strategy

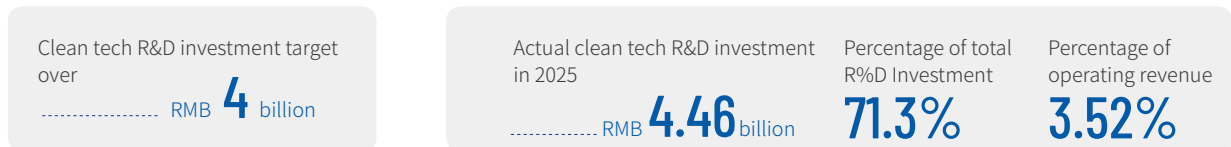
Anchored in the vision of becoming a world-class equipment enterprise characterized by "high-end, green, and intelligent" standards, we will comprehensively promote the large-scale application of clean energy, energy efficiency, pollution prevention and control, sustainable water sources, and green building and transportation through technological innovation and industrial synergy. Our efforts aim to contribute to global energy transition and the achievement of carbon neutrality goals.

Clean Tech R&D Investment Target

R&D consistently focuses on the clean tech field.



Progress on Clean Tech R&D Investment Target



For details, please refer to "Innovation Achievements".



Science and Technology Innovation Platform

Relying on the positioning advantages of its Central Research Institute, Shanghai Electric promotes the construction of various scientific and technological innovation platforms, improves the efficiency of resource allocation and utilization and builds an "engine" and "source of innovation" for the Group's technological innovation. As of December 2025, the Group was home to 89 national high-tech enterprises, 3 national model enterprises for technological innovation, 9 national-level enterprise technology centers, 29 provincial and municipal-level enterprise technology centers and 5 Shanghai key laboratories, forming a three-level platform system consisting of "national, provincial and municipal, and enterprise-level platforms".

Progress in the Construction of Shanghai Electric's Science and Technology Innovation Platforms in 2025

Digital Platform

"Science and Technology Innovation Intelligence Ocean" Platform

An AI assistant has been developed based on the "Yanwen" large model, enabling functions such as "one file per expert", generation of briefings for major projects and policy interpretation. In 2025, the optimization of the major project management module and the construction of the digital cockpit were completed, with 1,312 policy updates pushed and visits exceeding 2,000 person-times.

"Spark Ignites the Prairie Fire" Scientific and Technological Talent Pool

Covers 11,172 scientific and technical personnel, improves data governance and the "talent map" module and launches the "talent registration" workstation.

Experimental Platform

National-level Platform

We have invested in the construction of the National Artificial Intelligence Application Pilot Base (focused on high-end equipment in the manufacturing sector), which has become one of the top national-level scientific and technological innovation platforms approved in Shanghai in recent years, serving as the core engine for the Group's AI technology R&D and industrialization.

Shanghai Key Laboratory

Focusing on six key areas: high-end equipment materials, green fuel equipment, hydrogen production via water electrolysis, industrial automation, precision manufacturing and electric energy conversion. In 2025, "high-end equipment materials" and "green fuel equipment" were included in the Shanghai Key Laboratory Guide Catalogue; and applications for an additional three Shanghai Key Laboratories were submitted in 2025.

Pilot Platform

Participated in Shanghai's first batch of pilot platform demonstration projects, sorted out and collected construction plans for pilot platforms in 11 fields, and organized applications for 3 fields to be included in the 2025 Shanghai Pilot Platform Reserve Pool.

Other High-Level Platforms

Aligned with national strategic needs, we have optimized Version 2.0 of the construction plan for the Shanghai Key Laboratory of Resource Electrothermal Conversion and Recycling. The "Shanghai Innovation Center for Multi-source Energy Supply System Integration in Complex Environments", which we led and jointly applied for with universities, has been officially approved for construction. We have led or co-established a number of key laboratories to build high-end R&D platforms integrating industry, academia, research and application.



R&D Capacity Building

To build a systematic and professional talent system, Shanghai Electric has fully optimized the selection, development and incentive mechanisms for scientific and technological talents. We have explored and established a three-tiered echelon system covering "leading talents, top-notch talents and young talents". By assigning strategic projects, involving talents in high-level seminars, connecting them with top industrial resources, and providing customized external training programs, we have built a core talent engine to support the future competitiveness of the Central Research Institute. A term-based management system has been implemented, forming a mechanism for flexible entry and exit.

To stimulate innovation vitality, we have also established the Outstanding Contribution Award for Scientific and Technological Innovation. In 2025, a total of RMB16.5 million was awarded to 30 outstanding projects, which effectively boosted the initiative and creativity of scientific and technical personnel. By the end of 2025, the Group had 14,306 technical researchers, accounting for 33.2% of its total workforce.

To promote open collaboration and ecosystem development, the Group has actively built high-level platforms for scientific and technological innovation exchanges. In 2025, focusing on cutting-edge technologies and industrial priorities, it organized more than 100 diverse exchange activities, including high-level matchmaking with central and provincial-level authorities, key universities, leading enterprises and international teams. These efforts have effectively facilitated cross-sector cooperation and resource integration, and continuously strengthened the Group's role as a bridge in the innovation ecosystem.



2. Innovation Achievements

Supported by three core sectors: Energy Equipment, Industrial Equipment, and Integrated Services, Shanghai Electric is fully committed to green and clean tech and innovation-driven development. In the energy and industrial equipment sectors, we focus on the R&D and application of clean tech. In the integrated services sector, services including automation engineering, power transmission and distribution engineering, and power station engineering are all guided by clean technologies, achieving a low-carbon layout across the entire value chain.

Shanghai Electric is committed to breakthroughs in cutting-edge technologies and the independence of high-end equipment, while focusing on the industrialization and commercial application of scientific and technological achievements. It has a comprehensive layout in key sectors such as green fuel and carbon neutrality technologies, new energy equipment and systems, nuclear energy, and advanced energy technologies, providing a solid equipment foundation and systematic solutions for the transformation of the energy structure, the green upgrading of industry, and the development of new quality productive forces.

Core Clean Tech Sectors	Proportion of R&D Investment in 2025	2025 Core Projects / Achievements	Executive Summary
Alternative Energy	23.36%	High-efficiency 0BB HJT Solar Module	<ul style="list-style-type: none"> ✓ Eliminated main busbars, adopted silver-coated copper fine fingers ✓ Cost reduced by 0.06 RMB/W ✓ Passed twice the IEC stringent tests
		EffiSync X Series 5MWh Liquid-Cooled Lithium-Ion Energy Storage System	<ul style="list-style-type: none"> ✓ DC-side efficiency $\geq 94\%$ ✓ Cell temperature difference $\leq 5^{\circ}\text{C}$ ✓ Back-to-back design reduces land occupation by 40%, significantly lowering land costs
		100MW-class tower-type molten salt CSP steam turbine	<ul style="list-style-type: none"> ✓ Minimum load: 15% THA ✓ One start-stop cycle per day ✓ One-key start-stop technology, high and low pressure steam source switching technology ✓ Connected to the grid in Shanshan (Xinjiang) and Jinta (Gansu)
		300MW-class air-cooled generator for compressed air energy storage	<ul style="list-style-type: none"> ✓ Efficiency: 98.88% ✓ Adaptable to 20,000 frequent start-stop cycles ✓ Global Vacuum Pressure Impregnation (GVPI) insulation ✓ Applied in the 300MW salt cavern compressed air energy storage demonstration project of Jiangsu Guoxin in Huai'an
		Participated in the construction of the world's first 300MW-class compressed air energy storage power station "Nengchu No.1".	<ul style="list-style-type: none"> ✓ Supplied 8 high-speed synchronous motors ✓ Achieved full-capacity grid connection ✓ Marked the entry into the 300MW-class engineering era
		H1B Ultra-Low Temperature Wind Turbine	<ul style="list-style-type: none"> ✓ Adaptable to extreme low temperatures of -50°C and medium-to-high wind speed regions ✓ The world's first large-capacity ultra-low temperature wind turbine deployed in the Arctic Circle ✓ Broke through a series of key technical barriers in ultra-low temperature materials, bearing lubrication systems, comprehensive blade de-icing and polar isolated grid operation

Core Clean Tech Sectors	Proportion of R&D Investment in 2025	2025 Core Projects / Achievements	Executive Summary
Energy Efficiency	46.02%	Development of Key Equipment for Controlled Nuclear Fusion (CRAFT Coil Case and ITER Test Dewar)	<ul style="list-style-type: none"> ✓ Delivered the TF coil case for the Comprehensive Research Facility for Fusion Technology (CRAFT) and the test dewar for the International Thermonuclear Experimental Reactor (ITER) ✓ Achieved breakthroughs in cryogenic welding and millimeter-level deformation control
		Guohe Series Wet-Winding Motor Reactor Coolant Pumps Achieve 100% Localization	<ul style="list-style-type: none"> ✓ Realized localization of all key components including thrust bearings ✓ Filled domestic technological gaps ✓ Possesses mass production and supply capacity
		Zhangzhou Nuclear Power Unit 1 has been put into commercial operation.	<ul style="list-style-type: none"> ✓ Supplied main equipment for conventional island and nuclear island ✓ The first commercially operated unit in the batch construction of HPR1000 (Hua-long Pressurized Reactor)
		Organic-removing pervaporation membrane	<ul style="list-style-type: none"> ✓ Passed 1,000-hour testing ✓ Organic matter flux increased by 50% ✓ Service life > 1 year ✓ Waste reduction by 75% ✓ Boasts broad application prospects in wastewater treatment for high value-added industries such as integrated circuits and biopharmaceuticals
		Explosion-proof Ballast Water Treatment Unit	<ul style="list-style-type: none"> ✓ Certified by the U.S. Coast Guard (USCG) ✓ Suitable for chemical tankers, oil tankers, etc. ✓ Adopts flameproof / explosion-proof design
		Intelligent Weld Defect Detection System	<ul style="list-style-type: none"> ✓ Annual inspection of 300,000 images ✓ Micron-level defect identification ✓ 20-fold efficiency improvement over manual inspection ✓ Dual-track mode of "on-site + remote"
		AI Visual Intelligent Inspection Terminal	<ul style="list-style-type: none"> ✓ Integrates AI vision and 2D image comparison technology ✓ Inspection time reduced from 2 hours to 20 minutes ✓ Accurate defect identification ✓ Traceable and integrated results
		Automated Production Line for Flexible Machining of Blades	<ul style="list-style-type: none"> ✓ The industry's first intelligent blade production line integrated with AI ✓ Visual recognition rate of 99.9% ✓ Supports mixed-line production of multiple product types
		Grid-forming Energy Storage Converter (PCS)	<ul style="list-style-type: none"> ✓ Actively supports the power grid ✓ Strong weak-grid capability (SCR = 1) ✓ Supports black start and multi-machine parallel operation
		High-Voltage Delta-Connected 345kV Fully Insulated Power Transformer	<ul style="list-style-type: none"> ✓ Overall performance indicators have reached international leading levels. ✓ Adopts a dual-body structure of "main transformer + series transformer". ✓ Energy efficiency far exceeds China's Level 1 energy efficiency standard. ✓ Particularly suitable for highly reliable power supply scenarios in large-scale new energy grid-connected hub substations and large AI computing power centers.
		SIMPLE Intelligent Operation and Maintenance Platform for Gas Turbines Integrated with AI Large Models	<ul style="list-style-type: none"> ✓ Intelligent operation and maintenance system covering the full life cycle of gas turbines, based on 800,000 hours of data from 55 units ✓ Won the Science and Technology Progress Award ✓ Realizes fault early warning and performance optimization
Grid-forming Energy Storage Converter (PCS)	<ul style="list-style-type: none"> ✓ Actively supports the power grid ✓ Excellent weak-grid operation capability (SCR = 1) ✓ Supports black start and multi-unit parallel operation 		
Pollution Prevention and Control	3.32%	Taonan Wind Power Coupled with Biomass Green Methanol Integrated Demonstration Project	<ul style="list-style-type: none"> ✓ China's first large-scale commercial green alcohol project ✓ Annual output of 50,000 tons of green methanol ✓ Closed-loop full-chain production of "green electricity – green hydrogen – green alcohol" ✓ Certified by the ISCC system of the European Union
		Key Technologies and Complete Sets of Equipment for Sustainable Aviation Fuel (SAF) Production via Distributed Pyrolysis of Municipal Solid Waste Coupled with Centralized Gasification	<ul style="list-style-type: none"> ✓ Factory cost < RMB8,000 per ton ✓ Solves bottlenecks of traditional technologies such as difficulty in large-scale application, tar formation and slagging; leakage rate of the mobile pyrolysis system is ≤ 1%
		Development of High-Quality Liquid Fertilizer Based on Biogas Slurry from Agricultural Waste	<ul style="list-style-type: none"> ✓ Cooperated with the Shanghai Academy of Agricultural Sciences to develop water-soluble fertilizers containing humic acid, macroelements and secondary elements that meet national standards. ✓ Completed two years of field fertilizer efficiency trials. ✓ Established a complete model covering "biogas slurry pretreatment, formula production, filling and packaging, application equipment and technical guidance".

Intelligent Near-Infrared Sorting and High-Value Reuse of Plastics – Driving the Upgrading of the Recycled Plastics Industry

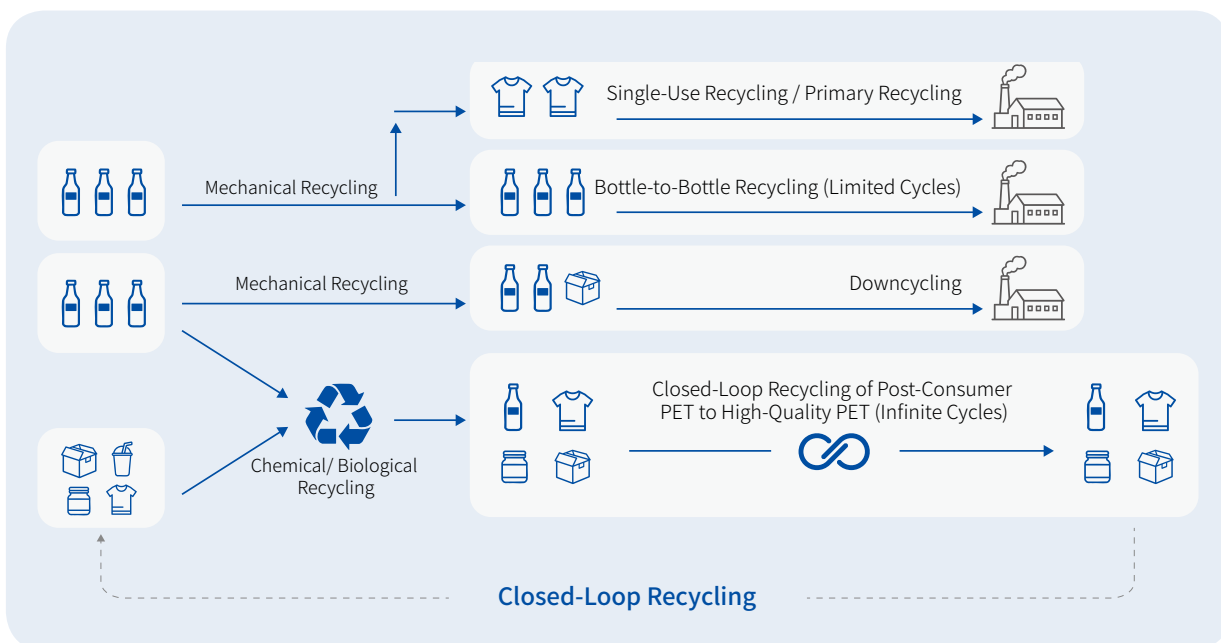
The Group's Central Research Institute has independently developed an intelligent near-infrared spectroscopy prototype for plastic sorting, and successfully established a near-infrared spectroscopy database for plastics. The database systematically collects spectral characteristics of common plastic types such as polyethylene terephthalate (PET), polyethylene (PE), polypropylene (PP) and polyvinyl chloride (PVC). By optimizing the spectral recognition model through machine learning and artificial intelligence technologies, the institute has developed intelligent sorting equipment to achieve accurate identification and efficient separation of mixed plastics. On the basis of precise sorting, high-purity PET plastics sorted out have been innovatively processed into high-quality silk scarves, forming a closed-loop model of "renewable resources – precise sorting – high-value products".



Intelligent Sorting Prototype Machine

The sorting equipment achieves a plastic sorting accuracy of 95%, a recall rate of 90%, and a sorting efficiency of no less than 300 kg/h, solving the industry pain points of traditional sorting: low accuracy, poor efficiency and high cost. By converting recycled PET plastics into high value-added silk scarf products, the project has broken the traditional perception that recycled plastics are limited to low-end applications and achieved a significant value upgrade of renewable resources. It provides technical equipment support and an innovative business model demonstration for the recycled plastics industry, promotes the reduction and resource utilization of plastic waste, and makes positive contributions to the development of circular economy and the construction of ecological civilization.

Plastic Recycling Process



To promote the standardized development of the industry, we have continued to commit ourselves to the formulation of standards. In 2025, we applied for 6 national standards and 2 industrial standards and issued 3 national standards. The released standards are detailed in the table below:

Standard	Category	Status
Smart Service Predictive Maintenance Performance Evaluation Method	National standard	Released
Additive Manufacturing — Process Classification and Coding	National standard	Released
Industrial Machinery Electrical Equipment and Systems — Safety Requirements	National standard	Released

3. Data Governance

With the advancement of the Group's digital transformation, the importance of high-quality data resources has become increasingly prominent. And the Group fully explores the value of data. Relying on the data full lifecycle management system of "Data Aggregation-Intelligent Processing-Value Mining-Shared Application-Iterative Optimization", it constructs a data governance framework covering the main business chains, realizes the transformation from data resources to the improvement of decision-making efficiency and empower business innovation and operational optimization.

In terms of the construction of the data infrastructure platform, by giving play to the Group's advantages of multiple industries and scenarios, we actively promote the dual base construction of the Group's operation and management big data platform and the industrial Internet platform, create professional data resources system in the industrial field. On this basis, We continuously consolidate the Group's big data platform. We have established a data processing and sharing framework of "standardized collection-standardized modeling-cataloged resources", consolidated the capabilities of the big data platform in data collection management, standard formulation, catalog construction and visual presentation, etc., and further strengthened the processing, analysis, mining and shared utilization level of data operation and management.

Meanwhile, we continuously refined the "Xingyun Zhihui" industrial Internet platform. Through technical measures like data collection of industrial equipment, communication protocol conversion and edge computing processing, a data foundation was constructed, and based on the general PaaS framework, innovative functions such as real-time industrial data processing, data analysis and industrial microservices were realized.

In terms of the innovative utilization of data, we comply with laws and regulations and data security, continuously promote the data trading, circulation and value release to establish trusted interconnection and secure sharing of cross-domain data. As one of the first batch of blockchain onchain enterprises in the Shanghai state-owned assets system and established cooperation with Shanghai Pujiang Shulian Digital Technology Co., Ltd. and Shanghai Bank Co., Ltd. to develop a blockchain platform to ensure all data in this scenario is uploaded onto the chain based on the off-core chain loan business. We explored the off-core chain loan business based on "data credit" and provided lowinterest inclusive financial services for small, medium and micro enterprises. Relying on the supply chain data of "retailer cooperatives", we deeply integrated financial products with supply chain information. We provided more convenient and high-quality financial support for small and micro enterprises in the electrical ecological chain, supporting the healthy development of the industrial chain ecosystem.

Intellectual Property

1. Intellectual Property Management System

Shanghai Electric maintains a zero-tolerance policy toward infringements. While effectively protecting its own intellectual property rights, the company strictly respects the intellectual property rights of others. We strictly abide by relevant 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. The Group has established a three-level intellectual property management structure consisting of "Group – Industrial Groups – Enterprises", and has simultaneously set up patent departments, patent management personnel and patent review bodies. We formulated and implemented institutional documents such as Intellectual Property Management and Intellectual Property Disposal Management, and actively promote industrial groups to formulate normative systems, to realize the full-chain protection in the creation, utilization, protection and management of intellectual property rights. At the same time, we have formulated and released the White Paper on Shanghai Electric's Intellectual Property Service Solutions, which systematically describes the intellectual property service solutions throughout the entire process of scientific research projects, providing comprehensive support for the Group's intellectual property work and better fueling and safeguarding scientific and technological innovation.

Intellectual Property Organizational Structure of Shanghai Electric

Group Science
and Technology
Innovation
Department

The Group Science and Technology Innovation Department is responsible for formulating the programmatic and principled systems for intellectual property management across the Group.

Industrial Group

Industrial Groups are responsible for developing their own intellectual property systems and frameworks, setting IP management objectives for the Industrial Groups and supervising and guiding enterprises in carrying out relevant work.

Subsidiary
Enterprises

Subsidiary enterprises focus on specific products to carry out the creation, protection and application of scientific and technological achievements, as well as the prevention of intellectual property risks.

To advance the standardization and systematization of intellectual property management, Shanghai Electric has established an Intellectual Property Service Platform alongside a professional database. The platform offers a suite of one-stop professional services that span the entire lifecycle of scientific and technological innovation projects. These services include IP search and analysis, management consulting, litigation support, training, as well as commercialization and transaction support.

2. Protection of Intellectual Property Rights

The Company integrates intellectual property protection throughout the entire innovation cycle. It is committed to building a sound management system, enhancing professional service capabilities, fostering a culture that respects and protects innovation, and systematically improving the efficiency of intellectual property creation, application, protection and management, so as to provide a solid guarantee for the Group's high-quality development and global strategic layout.

Cultivation of High-Value Patents

Shanghai Electric was selected as "Shanghai High-Value Patent Cultivation Center" in 2023, and took this opportunity to systematically promote the cultivation of high-value patents. By formulating the Guidelines for the Cultivation of High-Value Patents and the Work Plan for the Cultivation of High-Value Patents, we have established a full-chain cultivation mechanism covering technology research and development, patent mining and layout optimization. This guides R&D personnel to proactively identify core technical points during innovation, gradually builds patent barriers in key technical fields, and forms an intellectual property advantage.

Relying on the platform of the Shanghai High-Value Patent Cultivation Center, we actively conduct pioneering research on high-value patents and provide industrial groups with professional services including patent search, risk screening and overseas intellectual property risk prevention. This has comprehensively enhanced the Group's capabilities in intellectual property creation, application and protection. During the Reporting Period, the Group was granted 2 special projects approved by the Shanghai Intellectual Property Administration, further consolidating the intellectual property service and support system.



Shanghai Electric Held Promotion Meeting for the Intellectual Property Rights Protection and Assistance Workstation

In April 2025, Shanghai Electric and the Shanghai Intellectual Property Protection Center jointly held a promotion meeting for the Intellectual Property Rights Protection and Assistance Workstation, focusing on the theme of "Cultivating High-Value Patents from Multiple Dimensions and Building a Full-Chain Intellectual Property Protection System". The meeting aimed to advance the development of intellectual property workstation in the state-owned assets system and enhance the role of intellectual property in corporate innovation and high-quality development. Attending leaders and experts conducted in-depth discussions on key topics including high-value patent cultivation, optimization of intellectual property management systems, and improvement of value transformation capabilities. The meeting attracted more than 90 representatives from intellectual property courts, universities and various state-owned enterprises, providing an important platform for state-owned enterprises to establish new lines of defense for intellectual property protection.



Promotion Meeting for the Intellectual Property Rights Protection and Assistance Workstation

Protection and Services of Intellectual Property Rights

The Intellectual Property Rights Protection Assistance Workstation of Shanghai Electric was established in 2022. On the basis of meeting the practical needs of state-owned enterprises, we also open our services to the public, and gradually establish a regular rights protection service system featuring resource coordination, information sharing and mechanism linkage. We have formulated and continuously improved system such as the Management of Pre-reviewers of Shanghai Electric's Rights Protection Assistance Workstation and Management of Special Commissioners of Shanghai Electric's Rights Protection Assistance Workstation. We will continue to optimize the allocation of expert resources and work procedures, and promote the institutionalized and systematic development of intellectual property rights protection and assistance.

The workstation provides guidance and assistance for enterprises to handle their intellectual property disputes, including international arbitration, disputes over the confirmation of patent rights and trademark rights, and the use of software copyrights, etc., and provided legal analysis and response strategies by relying on professional expertise. Meanwhile, the workstation conducts systematic research on the transformation of intellectual assets of state-owned enterprises. Through policy research, industry surveys and model reference, it gradually develops an achievement transformation strategy system tailored to the Group's actual conditions, promoting sound interaction between technological R&D and industrial application.

To improve the quality of patent applications and grant efficiency, we have established and implemented a pre-application patent review mechanism, under which the intellectual property department and technical review teams conduct dual evaluations of technical solutions. This mechanism has been rolled out across key industrial entities, effectively strengthening intellectual property risk prevention and control as well as value realization capabilities. The workstation will continue to enhance its service functions, striving to become an intellectual property service and rights protection platform supporting the Group's internationalization strategy.

Promotion of Intellectual Property Culture

To build a solid guarantee system for innovation, Shanghai Electric conducted publicity and training on intellectual property protection and rights protection regularly to enhance the right protection awareness of the entire group. During the Reporting Period, we innovated the forms of activities. By holding salons on intellectual property protection and risk prevention and taking the lead in organizing themed events of the intellectual property rights protection workstation, we systematically strengthened our capabilities in foreign-related legal practice and collaborative protection. In the meantime, we actively made use of the Group's Engineering E-platform to organize seminars. During Intellectual Property Week, we carried out publicity through large-screen posters and organized special events at all levels of the Group's subsidiaries, which effectively raised employee participation and comprehensively enhanced the enterprise's overall strength in the creation, application, protection and management of intellectual property.



Shanghai Electric Held the Theme Salon of "Wisdom for Global Voyage – Intellectual Property Protection and Risk Prevention"

In September 2025, under the guidance of the Shanghai Intellectual Property Administration and other institutions, Shanghai Electric held a themed salon entitled "Wisdom for Global Voyage – Intellectual Property Protection and Risk Prevention", focusing on intellectual property risks faced by enterprises going global. The event brought together government representatives, industry experts, as well as in-house legal and technology management professionals from the Group. Participants held in-depth discussions on practical issues including overseas patent layout, intellectual property environments in specific regions and risks of participating in overseas exhibitions and also interpreted relevant supporting policies. The salon provided a communication platform for more than 70 enterprise representatives from the Group's



Theme Salon: Wisdom for Global Voyage – Intellectual Property Protection and Risk Prevention

subsidiaries, offering systematic solutions ranging from policy guidance to practical strategies. It aimed to enhance the Group's capability in handling overseas intellectual property disputes, strengthen the strategic defense system with intellectual property at its core and safeguard the Group's global development.

Newly added in 2025

Number of patent applications

1,389

Number of granted patents

884

As of the end of 2025

Number of valid patents in possession

7,646

Cumulative number of invention patents owned

3,800

Quality Management

Shanghai Electric strictly complies with the laws and regulations on product quality and safety in the countries and regions where it operates, including the Product Quality Law of the People's Republic of China, the Regulations on Administration of Industrial Product Production Licenses of the People's Republic of China and others. In accordance with the requirements of the above laws and regulations, we have established a systematic quality supervision and management system to ensure the quality, health and safety standards of our products and services.



1. Governance

Shanghai Electric has established a sound quality management organizational structure to ensure the orderly progress and coordinated operation of quality work in all links. The Company's quality management follows a hierarchical management system covering the management level, the ESG Management Committee, the Group's Economic Operation Department, industrial groups and subsidiary enterprises.

Shanghai Electric Quality Governance Structure

Management

It assumes the ultimate responsibility for approving and supervising major quality-related matters and risks.

ESG Management Committee

As a specialized committee under the Board of Directors, it is responsible for identifying, assessing and overseeing quality-related risks and performance, including those related to quality**, and for promoting the coordinated implementation of the quality strategy.

Group's Economic Operation Department

As the department with functional ownership for quality management, it is responsible for the daily collection, coordination and supervision of information on major quality incidents within the Group, the coordination of quality resources, the promotion of quality culture, the planning of quality-related activities and the centralized management of work requirements related to standards.

Industrial Groups

Be responsible for supervising and implementing the reporting and supervision of major quality incidents within the industrial group and assisting subsidiary enterprises in handling major quality incidents.

Subsidiary Enterprises

Shall bear primary responsibility for major quality incidents occurring within the enterprise and formulate systems and measures for the handling of such incidents.

Through long-term practice, we have established a set of quality management specifications covering the General Principles of Quality Management, Guidelines for Quality Work, and Measures for the Administration of Major Quality Incidents. By formulating the Trial Measures for Management of Major Quality Incidents of Shanghai Electric Group, we have further strengthened the major quality incident control capabilities of the Group, industrial groups and subsidiary enterprises, ensuring that risks are preventable, controllable and manageable.

We continue to promote the development of quality system certification. By the end of the Reporting Period, 100% of the Group's manufacturing enterprises had obtained ISO 9001:2015 quality management system certification, forming mature and standardized quality management capabilities.

2. Strategy

Shanghai Electric adheres to the goal of "zero defects" to strengthen its lifeline of quality and fully fosters a quality culture that pursues excellence. By advancing the development of digital platforms, improving internal and external quality audit mechanisms, and enhancing quality empowerment for all employees, the Company has systematically built a quality management system covering the entire product life cycle, committing to delivering safe, reliable and high-quality products and services to customers and society.

Analysis of Risks and Opportunities Related to Product and Service Safety and Quality of Shanghai Electric			
Type of Risk/ Opportunity	Specific Description	Duration of Impact	Financial Impact
Quality Control Risk	If appropriate resources are not invested in quality control and testing, product failures, recalls, and increased regulatory and litigation risks may be increased, which will have a negative impact on the Company's finance.	Short-term Medium-term Long-term	Increase in operating costs Decrease in operating revenue
Product After-Sales Risk	No effective after-sales procedures for products have been established. Failure to report known product safety hazards to the relevant departments in a timely manner may result in civil penalties, causing economic losses and damage to the reputation.	Short-term Medium-term Long-term	Increase in operating costs Decrease in operating revenue
Quality Management Opportunities	Excellent quality management not only reduces operating costs, but also improves product quality and customer satisfaction. Thus, it can enhance the market competitiveness, attract new customers, and drive sales growth.	Short-term Medium-term Long-term	Increase in operating revenue

We attach importance to assessing the financial impact of sustainability-related risks and opportunities. Through measures such as quality loss management, we conduct systematic analyses of risks and opportunities relating to product and service safety and quality, evaluate their impact on the Group's current operating costs and operating revenue, and prudently judge whether the above matters will materially affect the Group's financial position, operating results and cash flows in the following year. We will continue to optimize our management systems and increase technical investment to ensure quality issues are effectively managed and create sustainable value for all stakeholders.



Shanghai Electric Quality Management Strategy

Digital Quality Management

Each industrial group under the Group has established a digital-centric quality management platform. Examples include the AMS Audit Management System of Shanghai Electric Power Generation Group (hereinafter referred to as the "Power Generation Group"), the NCR Non-Conformity Management System of the Wind Power Group, and the Shuzhi Linyun Manufacturing Operation Management Platform of Shanghai Electric Automation Group (hereinafter referred to as the "Automation Group"). These platforms enable systematic tracking and closed-loop management of quality issues, improving overall management efficiency.

Quality Audit

We have established and improved the internal quality management audit system and regularly conduct internal and external reviews. Enterprises required to comply with the standardised quality management system are mandated to carry out at least one full-process internal audit each year and undergo at least one external audit by a third-party certification body annually. Systematic improvements are implemented based on audit findings to continuously ensure the effective operation of the quality management system.

Quality Empowerment

We regard quality culture as a vital foundation for the high-quality development of the enterprise, and continuously strengthen the cultivation of quality culture and the improvement of quality awareness among all employees. We extensively carry out multi-level and full-coverage publicity and practice activities to further enhance the sense of quality responsibility and professional competence of all staff, effectively driving the continuous improvement of product quality and reliability.

Supply Chain Quality Management

We implement quality control and supervision mechanisms throughout the entire lifecycle of supplier cooperation to ensure product quality from the supply source. Meanwhile, by providing empowerment training, specialized technical guidance and customized improvement programs for suppliers, we collaborate with them to continuously enhance their quality management and process capabilities, thereby systematically reducing quality risks and jointly building a stable, reliable and high-quality supply chain.



Quality Month Activities of Shanghai Electric

Shanghai Electric's 2025 "Quality Month" campaign was themed "Strengthen Quality Foundations, Enhance Digital Empowerment, and Serve High-Quality Development with High-Quality Supply", emphasizing the pursuit of excellence through a "zero-defect" approach. The campaign focused on quality culture development, system improvement, supply chain collaboration and digital empowerment. A variety of activities were organized, including knowledge contests, case sharing, specialized training, customer follow-ups and recognition of advanced practices, to foster a company-wide culture that prioritizes quality. Drawing on their respective businesses, subsidiaries of the Group carried out targeted initiatives such as product quality improvement, on-site project supervision, supplier management and enhanced customer engagement. These efforts aim to consolidate the foundation of quality management, strengthen risk control, and ultimately translate campaign outcomes into practical momentum driving the Group's high-quality development.



Shanghai Electric Power Transmission & Distribution Group Co.,LTD (hereinafter referred to as the "Power Transmission & Distribution Group") "Quality Month" Kick-off Meeting



Group photo taken at the signature wall during the "Quality Month" event of the Power Generation Group

Process for Handling Quality Issues

We have established and improved the quality issue handling process and quality loss tracking mechanism, and built a full-process management system covering quality issue handling, quality improvement and quality loss statistics, so as to realize the standardized and closed-loop management of quality incidents.



Handling

- The enterprise or industry group involved should handle it immediately.



Event Reporting

- Orally report it to the Group within 24 hours.
- Form a written Report on Major Quality incidents within 5 working days.



Event Tracing

- Summarize and update the Management Ledger of Major Quality Incidents every month and feed it back to the Group.
- If necessary, the Group organizes a special team to conduct on-site supervision of the handling of major quality incidents.

Hazardous Substance Management

In advancing green manufacturing, Shanghai Electric has always attached great importance to the environmental and safety attributes of raw materials, and persisted in preventing and controlling hazardous substance risks from the source. In 2025, we comprehensively sorted out the core elements of the full life cycle management of hazardous chemicals for 40 enterprises in Shanghai involved in the use and storage of hazardous chemicals. By identifying the full scope of risks, verifying the effectiveness of rectification, and optimizing management mechanisms, we have continuously improved the safety management of hazardous chemicals.

In addition, we actively encourage supply chain partners to jointly fulfill their responsibilities for hazardous substance control. For example, Shanghai Mitsubishi Elevator requires relevant supply chain partners to sign a Declaration of Conformity with the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Regulation to strengthen hazardous substance management in upstream processes. Our products strictly comply with the Restriction of Hazardous Substances Directive (RoHS). We prohibit the use of restricted hazardous substances in excess of specified limits and firmly ban substances of very high concern (SVHCs) regulated under REACH, fully ensuring the environmental friendliness and safe use of our products throughout their life cycle.

We solemnly commit to continuously reducing and gradually phasing out persistent organic pollutants (POPs) and hazardous substances regulated by national authorities throughout the entire process of product design and production. We will also take the initiative to cooperate with industry associations to jointly promote the research and development and large-scale application of environmentally friendly alternative materials. By setting up special R&D budgets and continuously increasing resource input, we will use technological innovation to drive the substitution of hazardous substances and the upgrading of their control, making solid contributions to building a green, safe, high-quality and sustainable development model.



Intelligent Control of Hazardous Substances in the Product Design Stage of Shanghai Huapu Cable Ltd.

Shanghai Huapu Cable Co., Ltd. (hereinafter referred to as "Huapu Cable") has deeply integrated RoHS compliance into the early stages of product design and production through digital transformation, shifting from passive testing to proactive prevention. Its core strength lies in the establishment of a pre-certification mechanism for a "green material library". During material selection in the design phase, the system automatically specifies compliant materials that have passed testing (such as environmentally friendly PVC compounds), and monitors production parameters linked to process logic to prevent the formation of hazardous substances. For instance, in the project to replace materials with low-smoke, halogen-free alternatives, the company not only meets RoHS requirements but also proactively controls halogen content, and optimizes material selection decisions through data systems. Centered on the principle of "design for compliance", this model has significantly improved quality traceability efficiency and first-pass yield, establishing standardized management covering the entire process from design and verification to mass production.

Product Life Cycle Impact Assessment

Guided by the concepts of sustainable development and green manufacturing, Shanghai Electric has launched life cycle assessment practices for selected products, marking a new systematic and scientific stage in its environmental responsibility and product risk management.



Case Study: Shanghai Mitsubishi Elevator Conducted Product Life Cycle Assessment (LCA)

To support the application for being recognized as a Model Enterprise for Green Design of Industrial Products, and in response to the carbon peaking and carbon neutrality strategy as well as industrial green development requirements, Shanghai Mitsubishi Elevator Co., Ltd. (hereinafter referred to as "Shanghai Mitsubishi Elevator") has carried out Product Life Cycle Assessment (LCA) to provide support for product green design and evaluation.

This assessment was conducted in strict accordance with internationally accepted methodologies. Taking a single set of elevators as the functional unit, it systematically defined the life cycle boundaries, comprehensively collected data on energy consumption, resource use and emissions at each stage, and carried out modeling and calculation using professional software. The assessment indicators fully cover key environmental impact categories including greenhouse gas emissions, acidification potential, eutrophication, ozone depletion, human toxicity, ecotoxicity, energy consumption, mineral resource consumption, water resource consumption and land transformation, providing scientific and reliable data support for the optimization of green design of product and application review.

To date, Shanghai Mitsubishi Elevator has completed the preparation of life cycle assessment reports for three elevator models, including the LEHY-Pro elevator. This has effectively promoted the systematic improvement of its green design capabilities and provided a practical example for the elevator industry to implement the green development concept throughout the product life cycle.





3. Risk Management

Shanghai Electric attaches great importance to quality risk management. It fully integrates quality risks into the Group's overall risk management system and standardized processes, establishing a quality risk control mechanism that covers all businesses and the entire process.

Shanghai Electric's Quality Risk Management Process



**Risk
Identification**

- A systematic risk identification mechanism will be established at all stages of the product life cycle, and regular quality risk inspections will be conducted.



**Evaluation
and
Prioritization**

- Conduct risk assessment on identified quality risks from two dimensions: likelihood of occurrence and impact level.
- Prioritize quality risks based on the assessment results and identify major quality risks.



**Risk
Management**

- Develop risk prevention and response plans for major quality risks, and conduct regular self-inspections on implementation progress and effectiveness.

4. Metrics and Targets

Shanghai Electric attaches great importance to product quality management to ensure that quality meets customer requirements. The Company monitors and analyzes the achievement of quality objectives by quarterly calculating the quality loss rate, tracking major quality incidents and other means, and promptly carries out problem rectification and continuous improvement to ensure the effective implementation of quality objectives. During the Reporting Period, there were no batch recalls of sold or delivered products due to product safety and quality issues.



Systematic Quality Control of the Nuclear Power Group Drives Continuous Reduction in Quality Loss Rate

Shanghai Electric's Nuclear Power Group has deeply integrated quality management into its entire operational process, continuously reducing quality losses and improving operational reliability through systematic development. In 2025, its overall quality loss cost was effectively controlled, with the actual quality loss rate of multiple member units significantly outperforming targets. Customer satisfaction remained high, with no related complaints received throughout the year. The Nuclear Power Group focuses on "prevention and in-process control" of quality risks. By establishing a physical quality evaluation model incorporating multi-dimensional indicators, it accurately identifies weak links and implements closed-loop management. It promotes the normalization of the "Quality Talks by Grassroots Managers" initiative, embedding quality accountability and nuclear safety culture into frontline key positions. Supported by upgraded digital platforms, it achieves full-process traceability of quality issues and in-depth data analysis, enhancing management penetration and decision-making effectiveness. These practices have not only reduced internal operating costs and resource consumption but also strengthened industrial chain resilience and sustainable value creation by improving product reliability and customer trust, laying a solid management foundation for the long-term and steady development of the business.



Shanghai Mitsubishi Elevator has established an internal quality control system covering the entire process from production to delivery.

Shanghai Mitsubishi Elevator has established a closed-loop, full-process quality control system through standardized management, preventing the risk of batch non-conformities from production to delivery. This system effectively complements the supervision of special equipment and continuously enhances customer satisfaction. In accordance with the Control Procedure for Non-Conforming Products, Shanghai Mitsubishi Elevator requires that non-conforming products identified in internal manufacturing, outsourced parts procurement, installation and application must go through standardized identification, isolation and closed-loop disposal. Batch non-conforming products must be stored in designated areas with red warning labels, and inspectors are authorized to supervise the whole process to prevent them from entering subsequent procedures. If problems are detected after installation, frontline personnel can report them via the engineering and technical support platform, and the Quality Inspection Department of Shanghai Mitsubishi Elevator will take the lead in tracing the root cause and formulating corrective actions. Meanwhile, key safety components such as traction machines and speed governors are assigned a unique factory serial number, enabling full life cycle traceability. This allows for precise targeting of risky batches, preventing isolated issues from spreading and firmly safeguarding the safety bottom line of special equipment.

Amount involved in damages from major liability accidents related to product and service safety and quality: RMB **0**



Metrics

Coverage rate of employee quality publicity and training: **100%**

Meanwhile, Shanghai Electric actively coordinates all business segments and proactively participates in various quality award applications organized by the state, Shanghai municipal government and industry associations. It promotes improvement and excellence through evaluation, continuously enhancing its quality management capabilities. By the end of the Reporting Period, subsidiaries of the Group had won a total of 20 government quality awards, including such authoritative domestic quality awards as the China Quality Award and the Shanghai Municipal Government Quality Award, fully demonstrating the Group's profound expertise and outstanding strength in quality management.

Customer Services

1. Customer Satisfaction

Shanghai Electric follows the concept of "customer focus", continuously improves customer service management, vigorously carried out cross-enterprise collaboration in terms of technology, market and manufacturing, so as to quickly respond to market dynamics and customer needs. The Group has continuously optimized the key account director system. Based on two years of implementation, it has completed a summary and review, clarified a new round of performance targets, and renewed appointments, so as to promote higher-quality and upgraded cooperation with key accounts. The Group appoints leaders of industrial groups and the Company to serve as key account directors, and clarifies responsibilities across four dimensions: customer engagement, customer insight, customer service, and customer business expansion. Focusing on first-of-a-kind equipment and demonstration projects, it deeply explores scenario-based customer needs, provides systematic solutions, and develops personalized development strategies. In parallel, the Group has advanced the digitalization of marketing operations and built a market collaboration system to enable key account information management, key enterprise analysis, and mining of procurement-sales relationships. By the end of the Reporting Period, Phase I of the platform had been launched and put into operation.

We attach great importance to customers' needs and feedback, actively respond to customer complaints, and promptly handle quality objections. We have established a complete customer file management system, a feedback mechanism, a rapid response mechanism and a complaint handling mechanism to achieve a closed and efficient loop of customer services. The Group requires units at all levels to assign special personnel to record the complaints, organize investigations, analyses, and handling of the complaint issues, properly solve them and give a satisfactory reply within the specified time limit. During the Reporting Period, we received no major customer complaints.

Shanghai Electric entrusts a third-party evaluation center to conduct customer satisfaction surveys on yearly basis on the manufacturing, engineering and new industry sectors, continuously improve the quality of products and services. In 2025, we conducted a satisfaction survey, and the customer satisfaction rate reached 95.6%.



Shanghai Electric Power Generation Equipment Co., Ltd. received a silk banner presented by a client.

As of the date of issuance of this report, Shanghai Electric Power Generation Equipment Co., Ltd. has received joint recognition from three core customers: State Energy Changyuan Hanchuan Power Generation Co., Ltd., Huaneng Nanjing Jinling Power Generation Co., Ltd. and Zhejiang Zheneng Jiahua Power Generation Co., Ltd. The customers made special visits and presented silk banners and plaques to express their satisfaction with the cooperation results in a tangible form.

To meet the project requirements of different customers, Shanghai Electric Power Generation Equipment Co., Ltd. aligns its precise performance with customer objectives. The two 1,000MW-class steam turbines delivered to Hanchuan Power Plant were manufactured, shipped and commissioned on schedule, supporting the implementation of a key energy project in Hubei Province. The overhaul of the high-pressure cylinder of Unit 2 at Jinling Power Plant was completed, with unit operating parameters reaching excellent standards, satisfying the customer's core demands for equipment reliability and operation and maintenance efficiency. The company also supported the smooth commissioning of Unit 9 of Phase IV at Jiaxing Power Plant, providing critical equipment support for energy security during the summer peak demand period in East China.

The concentrated feedback from the three customers serves as an objective confirmation of Shanghai Electric Power Generation Equipment Co., Ltd.'s ability to respond to demand in energy equipment supply and operation and maintenance services. It reflects the practical results of our efforts to deepen customer trust and enhance long-term cooperation satisfaction through concrete actions.



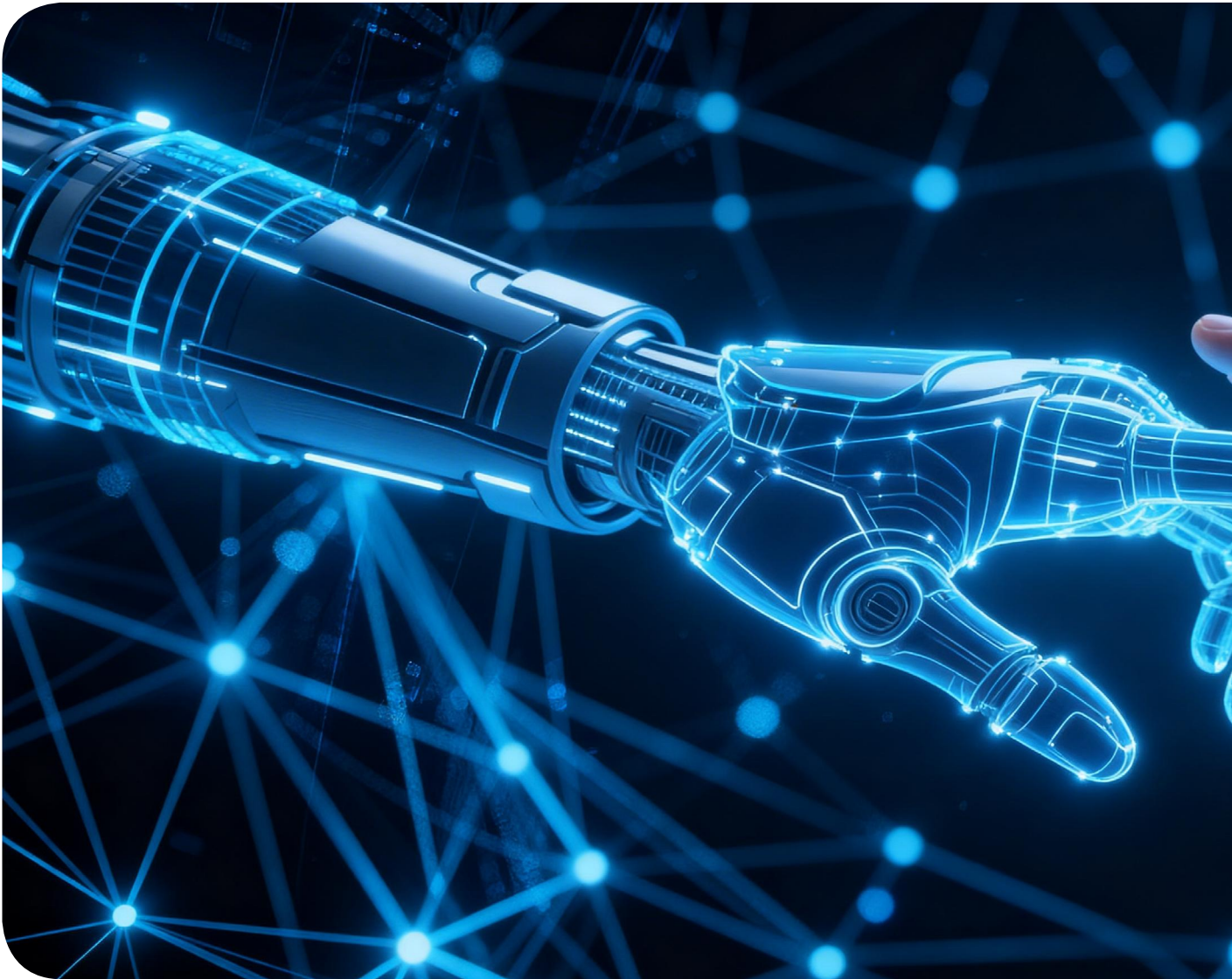
2. Improve Product Accessibility

Shanghai Electric enhances the market accessibility of its high-end equipment products through two major strategies: global R&D and customization. It breaks down various usage and circulation barriers, while balancing product competitiveness and adaptation to diverse demands. In the meantime, the Group actively leverages sales platforms. By the end of the Reporting Period, online customers accounted for 85% and online operating revenue accounted for 61% at its subsidiary Shanghai LSC High Strength Fasteners Co., Ltd.

Shanghai Electric's Core Strategies for Improving Product Accessibility

Core Strategies	Core Objectives	Specific Measures
Global Layout	Adapt to local markets, break down geographical, trade and technical barriers, and increase the penetration rate of products in overseas markets.	<ul style="list-style-type: none"> • Build a global network: Establish 145 offices in 35 countries and regions, forming a global sales, service and supply chain system to ensure rapid market entry and timely response to local demand. • Promote standards going global: Actively participate in the formulation of international standards such as those of the International Electrotechnical Commission (IEC), promote Chinese technical specifications to become a common international language, and lower technical barriers to market access for products overseas. • Implement local manufacturing: Establish production bases or cooperative factories in target markets to avoid trade barriers, shorten delivery cycles and enhance the local competitiveness of products.
Customized Solutions	Meet the diverse needs of different markets and scenarios, ensure product adaptability, and enable high-end equipment to be "accessible and well-utilized".	<ul style="list-style-type: none"> • Customization for extreme environments: Develop customized wind power, photovoltaic and energy storage products tailored to diverse climatic conditions such as plateaus, deserts and offshore areas, ensuring stable operation of equipment under harsh conditions. • Technology-enabled cost reduction and wide accessibility: Lower the threshold for adopting high-end technologies through technological innovation. For instance, self-developed high-precision force-controlled robots replace manual labor in high-risk and complex tasks, promoting the wider application of precision manufacturing technologies.





Openness and Collaboration: Building a Win-Win Ecosystem Together

Shanghai Electric upholds the philosophy of "openness, collaboration and win-win cooperation". It pools the key resources and professional capabilities of all parties along the value chain, conducts multi-level, multi-field and multi-form cooperation and exchanges, and is committed to empowering ecological partners to jointly pursue sustainable development goals. In this process, we actively explore the establishment of a more resilient and responsible supply chain system, driving the supply chain ecosystem to a new stage of development.



OPEN & COLLABORATIVE

Issues addressed in this chapter:

- Supply Chain Security
- Equal Treatment of Small and Medium-sized Enterprises (SMEs)
- Due Diligence



Win-Win Cooperation

1. Government-enterprise Cooperation

Shanghai Electric, headquartered in Shanghai, actively responds to national strategies such as the Yangtze River Economic Belt and the Yangtze River Delta Integration. Relying on its comprehensive advantages in industry, technology and innovation, the company fully supports the Yangtze River Delta region in enhancing its urban capacity and core competitiveness.

In terms of government-enterprise cooperation, we have established strategic partnerships with many cities including Suzhou, Yancheng and Taizhou, as well as government authorities such as Yangpu District, Putuo District, Fengxian District and Lingang New Area in Shanghai. By jointly promoting the optimized layout of the high-end equipment industry in the Yangtze River Delta, we continue to explore and develop new models of collaborative, efficient and mutually beneficial cooperation, focusing on key areas including green and low-carbon energy and high-end intelligent manufacturing.



Case Study: Shanghai Electric Deepens Government-Enterprise Cooperation with Zhejiang Province to Jointly Promote Green, Low-Carbon and High-Quality Development

In November 2025, Wu Lei, Secretary of the Party Committee and Chairman of Shanghai Electric, met with a member of the Party Leadership Group and Vice Governor of the People's Government of Zhejiang Province in Hangzhou. The two sides held in-depth discussions on deepening strategic cooperation and promoting coordinated industrial development. Zhejiang's provincial leaders acknowledged Shanghai Electric's achievements in energy equipment, intelligent manufacturing and other fields, and expressed hope to deepen cooperation with the company in wind power, energy storage, hydrogen energy, green fuels and digital manufacturing, so as to jointly advance the development of green and low-carbon industries. Shanghai Electric stated that it would actively seize development opportunities in Zhejiang, further expand its presence in the province, and deepen cooperation in the integration of wind, solar, storage and hydrogen, as well as intelligent manufacturing, contributing to the region's high-quality development. The meeting marked a new stage in bilateral cooperation and reflected the joint efforts of government and enterprises to promote industrial upgrading and energy transformation.



Case Study: Shanghai Electric and Pudong New Area Discuss a New Chapter in Industrial Synergy

In February 2025, Wu Lei, Secretary of the Party Committee and Chairman of Shanghai Electric Group, paid a visit to the Secretary of the Party Committee of Shanghai Pudong New Area. The two sides held in-depth exchanges on advancing major projects and deepening government-enterprise cooperation. Pudong New Area is accelerating its efforts to build a pioneering zone for socialist modernization. It looks forward to deepening cooperation with Shanghai Electric in fields including advanced nuclear power, energy storage, new energy vehicle components, and humanoid robots, so as to jointly expand new development space and foster new quality productive forces. Shanghai Electric will actively integrate into Pudong's 15th Five-Year Plan. Leveraging Pudong's geographical and industrial advantages, the company will strengthen its presence in advanced energy equipment and other sectors, promote the settlement of innovation platforms such as key laboratories in Pudong, and contribute to regional development.



Shanghai Electric and Pudong New Area Forge a New Chapter in Industrial Synergy



2. Cooperation between Schools and Enterprises

Shanghai Electric actively implements national strategies for science, education and talent development. We continue to deepen cooperation with prestigious universities at home and abroad, including Tsinghua University, Shanghai Jiao Tong University, and East China University of Science and Technology. Through industry-university collaborative innovation, we focus on key sectors, continuously advance the in-depth integration of industry, education and research, accelerate the transformation and application of cutting-edge scientific and technological achievements, and strive to build a hub for strategic scientific and technological strengths and a key base for cultivating scientific and technological innovation talents.



Case Study: Tsinghua University–Shanghai Electric Joint Research Institute Officially Inaugurated

In November 2025, the Tsinghua University–Shanghai Electric Group Co., Ltd. Joint Research Institute of Advanced Manufacturing and Equipment Technology was inaugurated in Beijing, marking the official entry of bilateral cooperation into a new stage of systematic collaborative innovation. The joint research institute will focus on advanced manufacturing, digital-intelligent integration, low-carbon energy and other fields, and conduct key technological research on the first batch of nine major topics including fourth-generation nuclear power, humanoid robots and green hydrogen. It will promote the transformation of scientific and technological achievements from laboratories to industries, providing core support for the development of new quality productive forces.



Case Study: Visiting Shanghai Jiao Tong University for University-Enterprise Exchanges and Recruitment Presentation

In September 2025, Zhu Zhaokai, Deputy Party Secretary and President of Shanghai Electric Group, visited Shanghai Jiao Tong University for a forum on industry-university cooperation. He held in-depth discussions with university representatives on talent development, scientific research and innovation and the in-depth integration of industry, education and research. On the same day, Shanghai Electric held its 2026 campus recruitment presentation at Shanghai Jiao Tong University, encouraging students to dedicate themselves to the national cause of green energy and high-end manufacturing. The event attracted more than 200 students, with over 20 subsidiaries of Shanghai Electric conducting face-to-face exchanges with students on site.



Zhu Zhaokai attended the forum and held in-depth exchanges.

Subsidiaries of Shanghai Electric have actively participated in and led the development of multiple municipal-level key laboratories, aiming to build internationally influential innovation platforms integrating industry, academia, research and application.

**Shanghai Boiler
Works, Ltd.**

Shanghai Boiler Works has jointly established the Shanghai Key Laboratory of Efficient Synthesis and System Engineering of Green Fuels with East China University of Science and Technology. Focusing on green fuel preparation, clean power equipment and AI digital twin systems, the laboratory serves national strategies and the development of Shanghai as a science and technology innovation center.

**Shanghai Electric
Shanghai Heavy
Machinery
Forging Co., Ltd**

Shanghai Heavy Machinery Forging has joined hands with Shanghai Jiao Tong University to establish the Shanghai Key Laboratory of Large Casting and Forging Materials for High-End Equipment. The laboratory is committed to research on key materials for large castings and forgings, special metallurgy, and shape-performance collaborative control technologies, aiming to build a leading domestic source of original material technologies.

**Shanghai Electric
Automation
Group**

The Automation Group has cooperated with Fudan University to advance the Shanghai Key Laboratory of Multimodal Embodied Intelligence, focusing on cutting-edge technologies, scientific innovation and scenario applications of embodied intelligence to build a world-class platform for theoretical innovation and system verification. These laboratory projects have effectively promoted industrial technological breakthroughs and the in-depth integration of industry, academia and research, strengthening the enterprise's strategic scientific and technological support in fields such as high-end equipment and green energy.



3. Cooperation with Industry Partners

Against the backdrop of the global transition in the energy structure, Shanghai Electric is accelerating the optimization of its industrial layout and steadily advancing its transformation from a traditional equipment manufacturer to a green and smart energy system service provider. In this process, the company actively explores the in-depth application of advanced industrial technologies in new energy and the upgrading of traditional energy sectors. Committed to openness and cooperation, Shanghai Electric promotes resource sharing and technological exchanges while continuously enhancing its own competitiveness, establishing itself as an innovation source and driving engine for advancing scientific and technological development.



Case Study: Shanghai Electric and Siemens China Explore the Low-Carbon Economy

In April 2025, the Power Transmission and Distribution Group signed a strategic cooperation agreement with Siemens (China) Co., Ltd. In response to national strategic needs, the two sides will focus on medium and low voltage electrical products and electrical automation systems, strengthen collaborative innovation and jointly explore project development in emerging fields such as digitalization and the low-carbon economy. Meanwhile, both parties will actively expand more areas of cooperation. By complementing each other's advantageous resources, they will take practical actions to promote market expansion, green and low-carbon transformation and digital development, so as to achieve win-win results.



Case Study: Shanghai Electric Deepens Industrial Upgrading with CNNC

In March 2025, Shanghai Electric and China National Nuclear Corporation (CNNC) held in-depth discussions on deepening cooperation in the energy sector, promoting industrial upgrading and other topics and signed a new round of comprehensive strategic cooperation agreements. In the future, responding to national strategic needs, the two sides will further deepen cooperation in nuclear energy engineering, nuclear power operation and maintenance, new energy, digitalization and international market development through complementary advantages and innovative cooperation models, so as to make greater contributions to the optimization of national energy structure and green and low-carbon transformation.



Shanghai Electric Signs Strategic Cooperation Agreement with CNNC

4. Urban Empowerment

Shanghai Electric actively participates in the construction of urban public facilities. It has been involved in building multiple urban rail transit lines in Hangzhou, Hefei, Wuxi, Jiaxing and other cities, providing convenient travel for tens of millions of residents. From key national strategic projects such as the Hongqiao International Open Hub and the Eastern Transport Hub, to the renovation of old residential communities to improve people's livelihoods, Shanghai Electric has always been committed to serving urban construction and development and continuously supports sustainable urban development as well as the prosperity and stability of regional economies.



Case Study: Shanghai Electric Helped Shanghai East Railway Station Build an Ultra-Low Energy Consumption Energy Station System

The Eastern Hub is a major strategic transportation infrastructure project in Shanghai, with Shanghai East Railway Station serving as its core component and functional carrier. As an integrated hub combining railway, aviation and metro services, Shanghai East Railway Station features multiple entrances, large spaces and dense passenger flows. While supporting the efficient distribution of tens of millions of passengers, these characteristics also pose complex energy challenges, including large load fluctuations, concentrated energy demand and high requirements for operational efficiency.



Energy Center of Shanghai East Railway Station, Eastern Hub

Shanghai Electric Carrier Energy Engineering Co., Ltd. takes technological innovation as its core and has developed a tailor-made ultra-low energy consumption energy station system for the Shanghai East Railway Station super hub. By integrating core equipment such as Carrier 19XR/30XQ high-efficiency units and energy storage tanks, combined with key technologies including dynamic load matching, intelligent control, and peak shaving and valley filling, the company has successfully resolved complex energy challenges such as large load fluctuations and high energy efficiency requirements at the hub. The system reduces annual carbon dioxide emissions by 7,312 tons, equivalent to the carbon sequestration effect of 4,000 trees. It has also set two industry records: the application of ultra-large-volume energy storage and the synergy between railway processes and building energy conservation, providing a replicable technical approach and demonstration model for low-carbon operation of large-scale public buildings.



Case Study: Shanghai Mitsubishi Elevator Assisted in Elevator Renovation for Public Benefit

Leveraging its core strengths in elevator manufacturing and services, Shanghai Mitsubishi Elevator closely integrates business development with public livelihood needs. It addresses livelihood challenges such as the renovation of aging facilities and improved travel convenience through customized solutions, embodying its sense of responsibility with the quality of "Intelligent Manufacturing in China".

In 2025, Shanghai Mitsubishi Elevator undertook the escalator replacement project at the Third People's Hospital of Hangzhou. In response to the complex scenario where outpatient building operations and construction ran simultaneously, the company formulated a systematic construction safety plan. Measures including fully enclosed fireproof protection, clear safety zoning



Elevator Renovation Site

between construction and operational areas, the installation of a negative pressure smoke exhaust system, and precise floor protection effectively ensured medical order and the hospital environment during construction. The project was completed in just 22 days, earning high recognition from the hospital. It has become a benchmark case for cross-brand elevator renovation in Class III Grade A hospitals, demonstrating Shanghai Mitsubishi Elevator's commitment to serving public livelihood and fulfilling social responsibilities through "Intelligent Manufacturing in China".

5. Overseas Expansion

Shanghai Electric is aligning with the national strategy of high-level opening-up by unswervingly implementing the execution of its "Go Global" strategy. It deepens global business layout and resource integration, coordinates the joint construction of overseas projects and expands new energy businesses represented by photovoltaics and wind power, to contribute to sustainable socioeconomic development while supporting high-quality Belt and Road cooperation

Shanghai Electric has established more than 140 overseas branches in 35 countries and regions around the world, and has undertaken more than 100 projects in total, including solar thermal, photovoltaic, nuclear power, energy storage waste power generation, gas turbines, coal-fired power and other fields, thus forming a diversified and coordinated international development pattern.



Case Study: Shanghai Electric's Sustainable Cooperation in Malaysia Transmission Line Project

The 500kV transmission line project from Similajau to Bunut in Sarawak, Malaysia, serves as a critical artery connecting interstate power grids. It faces multiple challenges including construction in complex terrains, ecological protection, and community coordination.

During project implementation, Shanghai Electric fully integrated the ESG concept into the entire construction process and successfully established a systematic and replicable management system. The project achieved "zero safety incidents" with an accumulated safe working hour of more than 1.39 million hours. In terms of environmental protection, 100% of wastewater met discharge standards and 100% of waste was recycled. Meanwhile, the project has gained wide social recognition through local employment and community co-construction. This practice has not only formed scalable standard procedures for health, safety, security, and environmental protection (HSS&E), but also provided a benchmark example for international infrastructure projects to deeply integrate sustainable development into engineering implementation.





Case Study: Shanghai Electric Powers Up Uzbekistan's First Digital Substation

In February 2025, the Zafarabad 220kV digital substation project in Jizzakh, Uzbekistan, undertaken by Shanghai Electric, was completed on schedule. As the country's first digital substation, it serves as a benchmark project for technological advancement and a major achievement of China-Uzbekistan cooperation under the Belt and Road Initiative. The project's core equipment consists of two 250 MVA autotransformers independently developed and manufactured by Shanghai Electric. Once commissioned, the substation will deliver an additional 400 MW of power supply to Jizzakh, playing a vital role in improving electricity provision in eastern Uzbekistan and providing reliable and stable power for local enterprises and residents.

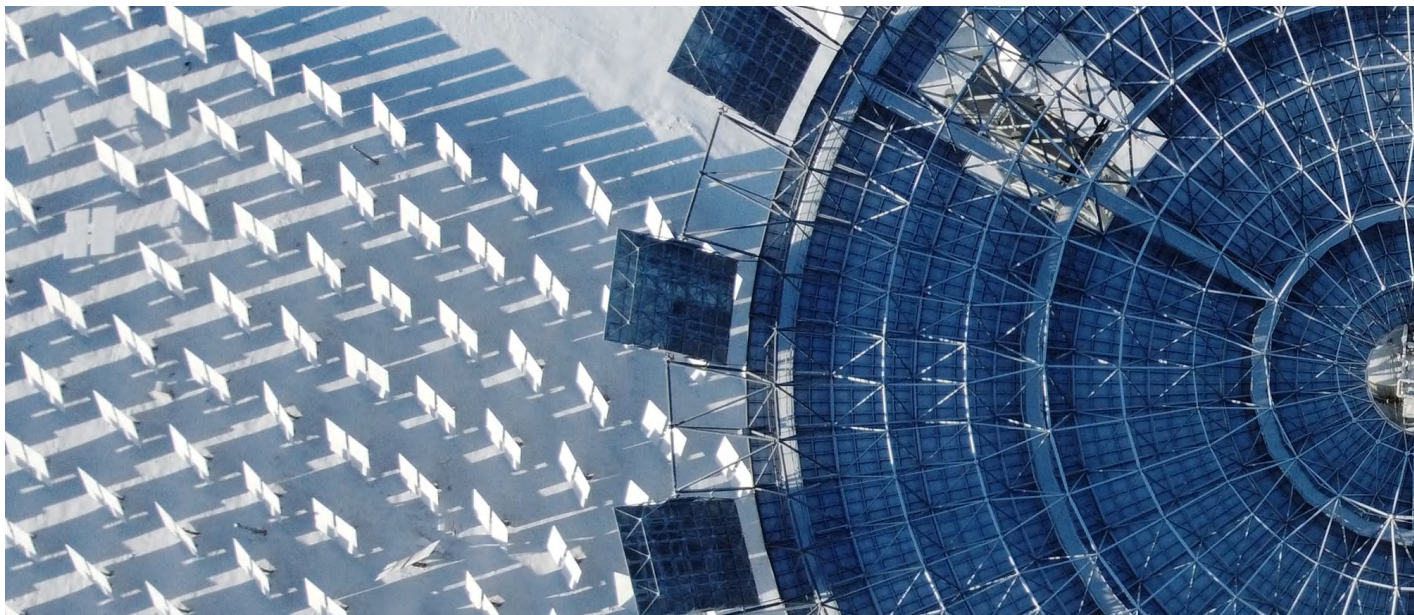


Case Study: Shanghai Electric Develops Photovoltaic Projects in the UK

The portfolio of photovoltaic projects developed by Shanghai Electric in the UK is its first new energy project in an overseas high-end market adopting the "investment and financing - construction - grid connection - operation" model. Upon commissioning, these projects will reduce approximately 112,000 tons of carbon dioxide emissions annually in the UK, and set a benchmark for Chinese enterprises to explore new energy projects in the European market.



UK Photovoltaic Projects





Case Study: Shanghai Electric Achieves Fruitful Results in Power Transmission and Transformation Projects in Africa

Shanghai Electric has built a series of power transmission and transformation projects in Ethiopia, Angola, Egypt, Nigeria, Djibouti and other African countries. In total, the company has completed 870 km of 400kV transmission lines and 245 km of 230kV transmission lines, as well as constructed six new 400kV substations and expanded five existing ones. These efforts have injected new momentum into the economic and social development of African countries and provided strong support for the joint building of a China-Africa community with a shared future.

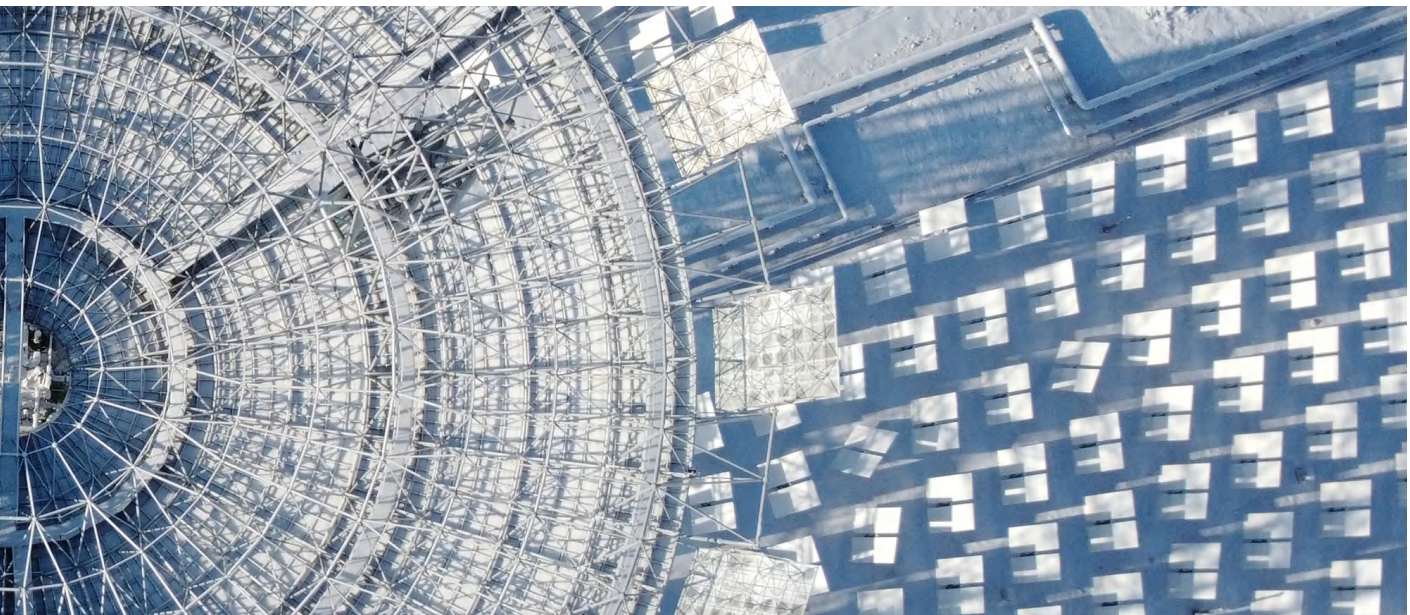


Djibouti Power Transmission and Distribution Project



Case Study: Seawater Desalination Project Eases Local Water Stress

During the Reporting Period, Shanghai Electric Power Station Water Engineering Co., Ltd. successfully signed the Morocco OCP SAFI WAVE II Seawater Desalination Project, marking its entry into the high-end segment of global seawater resource development. Adopting advanced seawater desalination technologies, the project is designed to produce 600,000 tons of fresh water per day, which will effectively alleviate water scarcity in Morocco and advance the country's sustainable development strategy. This cooperation not only strengthens green economic cooperation between China and Morocco, but also lays a solid foundation for Shanghai Electric to expand its international market and accumulate experience in water-related projects.



Supply Chain Management

In accordance with national laws and regulations including the Contract Law of the People's Republic of China, the Law of the People's Republic of China on Tenders and Bids, the Law of the People's Republic of China on Product Quality, and the Pricing Law of the People's Republic of China, Shanghai Electric has formulated management system and regulations including Shanghai Electric's Purchase Management, Shanghai Electric's Centralized Purchase Management, the Purchase Pricing Management and the Supplier Management to build and keep optimizing its supply chain management system and build a responsible supply chain.



The Board of Directors is the supreme decision-making body for supply chain management, responsible for overseeing strategy implementation, managing risks, and bearing ultimate accountability for the resilience, compliance and sustainable development of the supply chain. The Group Economic Operations Department is in charge of enterprise-wide supply chain management. It develops and implements the Group's supplier management system, promotes the development and application of the smart supply chain platform (SRM), carries out hierarchical centralized procurement and supporting supplier access approval as well as supplier blacklist management based on business needs, supervises and inspects the implementation of systems by subsidiaries, and urges enterprises to follow the supplier access and evaluation process. Industrial Groups shall cooperate in such supervision and inspection, be responsible for formulating and implementing detailed rules, and oversee the implementation of systems by their affiliated enterprises. At the enterprise level, a supplier access and evaluation process shall be established in accordance with business requirements and management specifications, with clear standards and approval milestones. Enterprises shall also cooperate with relevant departments in the supervision and inspection of the supplier management process.

1. Full-process Management

The Group, industrial groups and their subsidiaries continuously improve the whole-process supplier management mechanism, and have established sound evaluation systems covering supplier admission, dynamic management, performance evaluation and application, capability development and elimination.

Supply Chain Management System



Admission

Pre-qualification:

Verify suppliers' corporate qualifications and credit status prior to access, and require differentiated supporting materials (including technology, manufacturing, quality control, qualification certificates, and performance, green and low-carbon capabilities, etc.).

Qualification Evaluation:

Routine purchases require document review, while purchases of key materials or important projects require on-site review and product verification.

ESG Risk Assessment:

For key suppliers, we further identify ESG risks related to geopolitical, social, economic, environmental or regulatory conditions, as well as industry-relevant ESG risks in areas such as labor conditions, energy consumption and pollutant discharge. We also assess specific commodity risks arising from market resources, intellectual property rights, technical barriers, strategic cooperation and other factors. This helps enhance the risk resilience of the supply chain and lays a solid foundation for high-quality and sustainable development.



Dynamic Management

Information Maintenance and Management:

Regularly update and maintain supplier master data, supply scope, supplier status and classification.

Re-evaluation:

For suppliers to be retained upon expiration, their qualification shall be re-evaluated and their capabilities assessed prior to the expiry date.

Quality Assurance Inspection:

A quality assurance audit plan shall be developed. In accordance with the plan, quality assurance audits shall be conducted during the manufacturing of suppliers' products, or the implementation of projects or services to obtain objective evidence and ensure that all specified requirements are fulfilled.

Unannounced Inspections:

Conduct unannounced inspections on the quality of suppliers' materials, projects or services on an irregular basis.



Performance Evaluation

Performance Evaluation:

Annual performance evaluations are conducted by teams covering procurement, technology, quality assurance and other functions, with differentiated evaluation templates. Evaluations focus on quality, cost, delivery, service, and green and low-carbon capabilities (such as green factory certification, green supply chain certification, energy management system certification, product carbon footprint certification, etc.). Performance results are graded into four levels: Excellent, Good, Fair, and Needs Improvement.



Capability Development and Elimination

Capability Improvement:

Formulate supporting performance application systems or provisions, develop targeted improvement plans for suppliers in terms of quality, delivery, cost optimization and green and low-carbon capabilities, and supervise their implementation. Carry out relevant improvement projects in cooperation with suppliers to continuously enhance supplier capabilities.

Elimination:

Establish a sound supplier elimination mechanism and a "blacklist" mechanism.

As of the end of the Reporting Period, the Group had a total of 42,742 suppliers, with the breakdown as follows:

Region	Quantity
Shanghai	13,863
Jiangsu	8,386
Zhejiang	2,566
Beijing	2,059
Shandong	1,844
Guangdong	1,709
Other regions in Chinese Mainland	10,610
Overseas	1,705

We expect to establish long-term, close and stable partnerships with strategic suppliers, and jointly achieve mutual benefit, win-win results and coordinated growth under the strategic framework of sustainable development. Strategic suppliers refer to those that have signed strategic procurement agreements with Shanghai Electric and its member enterprises.

2. Sustainable Supply Chain Construction

We are committed to building a sustainable supply chain, promoting the supply chain to meet high-level standards across multiple dimensions including quality, green and low-carbon development, compliance, health and safety, and establishing fair and impartial long-term partnerships with our collaborators.

We have formulated the Supplier Code of Conduct, advocating and requiring all suppliers to abide by the principles of human rights and labor, environmental protection, business ethics, health and safety, as well as data and privacy protection. In the currently effective Procurement Management, Centralized Procurement Management and Supplier Management policies, we have explicitly incorporated ESG-related requirements into supplier qualification review and performance evaluation.

We irregularly communicate requirements related to sustainable supply chains to suppliers through project cooperation, supplier conferences, seminars and symposiums and continuously enhance suppliers' ESG awareness.

Green and Low-Carbon Requirements

On the premise of meeting procurement needs, environmentally friendly, energy-efficient and low-carbon suppliers will be given priority, and in the access and evaluation links, "green and low carbon related capabilities" will be considered, such as green factories, green supply chains, energy system certification, product carbon footprint certification and other qualifications, to promote the development of the supply chain towards green and low-carbon.

Meanwhile, we encourage suppliers to increase the use of renewable resources, reduce reliance on natural resources, and promote waste reduction in the procurement process by giving priority to recyclable and reusable products and services. Through the establishment of a green cooperation mechanism, Shanghai Electric works hand in hand with suppliers to promote low-carbon practices across the entire chain, and jointly build an environment-friendly and resource-efficient industrial ecosystem.

Safety and Environmental Requirements

We encouraged all suppliers to enter into the Agreement on Workplace Safety and Environmental Protection, and conducted a comprehensive safety and environmental review of its suppliers. In everyday management, we regularly conduct comprehensive review and examination of suppliers' qualifications, safety and environmental performance in the past three years, the degree of workplace safety standardization, safety and environmental laws and rules violations and incidents, and other related matters involving regulations on workplace safety.

Social Requirements

The social responsibility of the supply chain is also an important part of Shanghai Electric's efforts to build a sustainable supply chain. We have set clear requirements on corporate social responsibility in our Supplier Code of Conduct, including human rights, prohibition of child labor, health and safety, environmental protection, corruption and bribery, etc. Meanwhile, we require suppliers to make every effort to encourage their suppliers, subcontractors and agents to comply with the Group's code of conduct and abide by the principle of non-discrimination when selecting partners.

Integrity Requirements

We actively guides suppliers to strengthen their legal operations and adhere to business ethics. It requires suppliers to comply with anti-commercial bribery policies and conducts necessary due diligence on them. To strengthen integrity in the procurement sector, and prevent disciplinary violations for improper benefits in procurement, Shanghai Electric requires all suppliers to sign the Integrity Agreement together with the Procurement Contract, and specifies various responsibilities and strong disciplinary measures in the Integrity Agreement to regulate the suppliers' behaviors and reduce compliance risks in procurement. During the Reporting Period, we revised the procurement agreements, explicitly requiring both parties to establish and improve a clean and compliant governance system, actively promote integrity education and training, and strengthen the supervision and punishment of various violations and disciplinary breaches in procurement activities, so as to advance transparent procurement, standardized operations and a culture of integrity. In addition, the Group has incorporated anti-corruption management of the supply chain into the SRM platform to capture and track information about corruption, breach of trust and significant business risks of all suppliers, and announces suppliers on the negative list via the supplier life-cycle management platform in real time. In 2025, based on information from the SRM platform, no corruption incidents occurred among suppliers of Shanghai Electric.

Supplier Training and Development

We establishes effective communication mechanisms with suppliers based on their different types and needs. They aim to strengthen information, technology, and resource exchange, striving to build long-term partnerships with suppliers and achieve mutual benefit and win-win outcomes. In addition, we also actively empower suppliers and work with them to carry out relevant improvement projects to continuously strengthen them.



Case Study: Shanghai Electric Conducts ESG Due Diligence on Suppliers

To further strengthen sustainable supply chain management capabilities and extend the concept of responsibility to upstream partners, Shanghai Electric has established an ESG investigation and evaluation mechanism for suppliers. It carries out systematic questionnaire surveys on key suppliers to fully identify ESG-related risks and areas for improvement in the supply chain.

In 2025, we conducted due diligence on more than 400 suppliers. The survey covered key areas including corporate governance, working conditions, occupational health and safety, business ethics, environmental management systems, energy management systems and supply chain management. We worked with suppliers to continuously improve and enhance ESG concepts and practices. The questionnaire focused on suppliers' practices in system development, management processes, performance, and compliance, ensuring systematic and comparable information collection.

Based on the evaluation results, Shanghai Electric implements tiered management for high-risk suppliers or those with room for improvement, develops targeted improvement suggestions and enhancement plans, and promotes continuous improvement of suppliers' ESG performance through training, empowerment and experience sharing.



Case Study: Shanghai Electric Holds Initiative Ceremony for Green and Low-Carbon Supplier Development

To fulfill its responsibility as a green "chain leader", Shanghai Electric issued the "Initiative on Green and Low-Carbon Supply Chain Development" to all suppliers. Guided by the principle of "coordinated actions, shared achievements and joint responsibilities", the initiative focuses on three areas: green and low-carbon transformation, green supply chain alliances, and product carbon footprint accounting, to jointly build an internationally competitive benchmark for low-carbon, circular and sustainable green supply chains.



Shanghai Electric Held the Initiative Ceremony for Green and Low-Carbon Supplier Development



Case Study: Green and Low-Carbon System Development and Practice Sharing

In October 2025, Shanghai Electric Machinery Co., Ltd. organized a training and workshop on joint pilot construction of carbon labeling certification. The meeting focused on sharing the company's practices in building green basic capabilities, including progress in formulating standards such as green factory certification and product carbon footprint accounting and extending relevant requirements to the supply chain. Shanghai Electric Machinery has innovatively launched the Supplier Green and Low-Carbon Evaluation System, which conducts quantitative assessments of suppliers across multiple dimensions including target management, renewable electricity utilization and carbon disclosure. The



Training Site

assessment results are dynamically integrated into bidding decisions and procurement share allocation mechanisms. Meanwhile, the company has promoted coordinated carbon reduction efforts along the supply chain through incentives such as green financial support and joint technological R&D.

This practice demonstrates that traditional manufacturing enterprises can transform the challenges of green and low-carbon transformation into key opportunities to enhance supply chain influence and market competitiveness by adopting a systematic strategy of "strengthening internal management, formulating external standards, coordinating along the supply chain and aligning with national policies".

3. Conflict Minerals Management

We are committed to building a responsible supply chain system and focusing on the compliant management of conflict minerals. We require suppliers to source raw materials in a responsible manner, conduct rigorous due diligence on the mineral sources and regulatory chains involved in all products, and actively adopt the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas or other internationally recognized due diligence frameworks. This is to ensure that minerals used in manufactured products do not contribute to human rights abuses, environmental degradation or regional conflicts and to continuously promote the sustainable development of the industrial chain and ethical sourcing practices.

4. Sustainable Procurement

In implementing sustainable supply chain management, we actively leverage our procurement influence to promote the integration of green principles throughout the entire business chain. By prioritizing eco-friendly materials and energy-efficient equipment, encouraging local procurement to reduce transportation emissions, and giving preference to suppliers meeting environmental standards, we continuously lower the carbon footprint of our products across their full life cycle.



Case Study: Special Program for the Elimination and Upgrade of Outdated Electrical Equipment

Against the backdrop of advancing the green transformation of the supply chain, Shanghai Electric organized its subsidiaries to carry out a special program for the elimination and replacement of outdated electrical equipment in 2025. Through systematic planning and overall coordination, a total of 190 high-energy-consuming devices were replaced and upgraded throughout the year, covering 16 subsidiaries. This special program not only effectively reduced overall energy consumption, but also extended energy conservation and environmental protection requirements to the upstream of the supply chain by establishing green procurement standards and supplier evaluation mechanisms. It systematically promoted the low-carbon transformation of procurement management, providing practical support for achieving sustainable development goals across the entire value chain.

5. Equal Treatment of Small and Medium-sized Enterprises

Shanghai Electric adheres to the principle of fair cooperation and treats SME partners equally. Through diversified procurement and inclusive financial services, we actively support small and medium-sized enterprises to integrate into the industrial chain system, and jointly build a more resilient supply chain ecosystem. As of the end of the Reporting Period, the balance of accounts payable (including notes payable) of Shanghai Electric did not exceed RMB30 billion, accounting for no more than 50% of total assets. In addition, the Company has no record of overdue unpaid amounts to SMEs on the National Enterprise Credit Information Publicity System.



Case Study: "ShangHe" Smart Supply Chain Platform Empowers SMEs

Leveraging its financial services and digital technology capabilities, Shanghai Electric has developed innovative supply chain financial services. The "ShangHe" Smart Supply Chain Platform cooperates with external financial institutions to address the financing pain points of SMEs in the industrial chain regarding bills, accounts receivable, goods delivery and other links, providing diversified and standardized online financial products, including ShangE Loan, Commercial Paper E-Financing and Rights Confirmation E-Financing. Relying on online processes and technological empowerment, the platform has greatly shortened the business cycle, reducing SME financing time from "weeks" to "hours", significantly improving financing efficiency and accessibility. In 2025, the platform served nearly 200 small and medium-sized suppliers in total.

The platform actively applies blockchain technology to build an electrical industry alliance chain, promoting cross-chain data circulation and trusted collaboration, helping to resolve the problem of asymmetric credit information for SMEs. Through standardized business processes, agile service response and intelligent risk control measures, the platform is committed to providing fair, convenient and affordable supply chain financial services for SMEs, empowering the healthy development of the real industrial chain.



People First: Unleashing Talent Vitality

Shanghai Electric adheres to the principle that talent is the primary resource, and employees as the core driving force for the Group's sustainable development. We actively respond to the national call for deepening the reform of the industrial worker workforce. Starting from creating a diversified and sustainable workplace environment, we continue to improve our employee recruitment and employment system, and foster an equal, inclusive, safe and healthy professional environment.



Issues Addressed in This Chapter:

Employees



Employment and Rights

Shanghai Electric is committed to safeguarding the fundamental rights of all employees, suppliers and other business partners. On the basis of ensuring compliance in recruitment procedures, we provide our employees with a sound compensation, incentive and welfare system, and strive to foster a fair, safe and harmonious working environment, ensuring that the legitimate rights and interests of every employee are respected and protected.



1. Human Rights Management

While advancing business development, Shanghai Electric attaches great importance to human rights protection and fully complies with labor laws and regulations in the jurisdictions where it operates, including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and the Provisions on the Prohibition of Child Labor. We actively fulfill its human rights commitments in line with the OECD Due Diligence Guidance for Responsible Business Conduct, the UN Guiding Principles on Business and Human Rights (UNGPs), and other relevant international human rights instruments. To effectively safeguard the legitimate rights and interests of employees, the Company has established internal policies including the Employee Handbook and publicly issued its Human Rights Policy, which explicitly prohibits child labor and all forms of forced labor, and firmly opposes harassment, discrimination and abuse in the workplace.

Shanghai Electric is committed to continuously enhancing the standardization and effectiveness of human rights and labor management through institutional constraints, process control and system support, ensuring that relevant policies and practices comply with laws, regulations and international standards. The Company respects and supports employees' right to freedom of association and collective bargaining in accordance with the law, integrating such rights into the entire process of corporate democratic management and the building of harmonious labor relations.

Prohibition of Child Labor:

Prior to employment, the Company verifies the age of job applicants to ensure no child labor (under 16 years of age), persons who have not completed basic education, or persons below the minimum employment age in the place of operation are hired. Employees under 18 shall not engage in work that may endanger their safety and health, and shall undergo regular physical examinations in accordance with legal requirements.

Prohibition of Forced Labor:

Forcing workers to work through violent or illegal means such as intimidation, coercion, threats, abduction or fraud is strictly prohibited. The Company strictly prohibits withholding employees' identification documents, passports, or work permits to coerce them into or maintain employment. The Company respects the free will of workers, who may choose to leave the Company or terminate their labor contract at any time.

Diversity and Non- Discrimination:

The Company adheres to the principles of "openness, fairness, justice, competition and merit-based selection" and provides equal opportunities to employees in recruitment, onboarding and probation, compensation and benefits, performance appraisal, rewards and penalties. No employee shall be discriminated against on the basis of educational background, skin color, ethnicity, race, nationality, social background, disability, religious belief, gender, marital status or age.

Prohibition of Harassment:

The Company requires employees to respect colleagues, customers and suppliers. Harassment based on gender, position or any other grounds, as well as any act that degrades human dignity or causes mental distress, is prohibited.

Freedom of Association and Collective Bargaining:

The Company respects the democratic rights and freedom of speech entitled to employees under the Constitution and applicable laws, and complies with laws and regulations governing freedom of association and collective bargaining. The exercise of such rights shall not prejudice the interests of the state, society or the Company.

We have established a regular supervision and inspection mechanism to manage human rights and labor risks in our operations. We require our subsidiaries to conduct human rights due diligence in relevant business scenarios to promote the full implementation of responsible business conduct. In addition, we have put in place a multi-tiered human rights complaint and reporting mechanism to ensure that employees and relevant internal and external stakeholders can report and appeal through multiple channels in cases of human rights violations, and that timely corrective actions will be taken.

**Labour Dispute Mediation Committee**

To prevent and resolve labour relations conflicts at the earliest stage, Shanghai Electric has established the Enterprise Labour Dispute Mediation Committee as the "first line of defense" for internal consultation and mediation. Adhering to the principles of equality, voluntariness, legality, impartiality and timeliness, the Committee comprises three parties: employee representatives, enterprise representatives and trade union representatives (with the director held by a trade union representative), ensuring its neutrality and representativeness. Its main responsibilities include publicizing labour laws and regulations, mediating internal labour disputes, supervising the implementation of mediation agreements, participating in the coordination of issues concerning the vital interests of employees, and assisting in the establishment of a prevention and early-warning mechanism.

In practice, the Committee has effectively resolved numerous internal disputes through various means such as holding special seminars, providing policy advice and offering trade union subsidies. Meanwhile, we have continuously enhanced the capacity of grass-roots units to prevent and resolve labour disputes by systematically providing specialized training for labour relations coordinators and trade union labour law supervisors.

Within the Company, employees may report issues directly to the Human Resources Department, which will conduct timely investigations and take corrective actions. Meanwhile, we have established and maintained open internal reporting channels at the Group level, including those for Party-military relations, letters and visits, and trade unions. Some business units have piloted mediation platforms similar to the "Lao Niangjiu" model¹, providing employees with more direct and convenient access to grievance support. In addition, relevant matters may be reported through external oversight mechanisms such as inspection teams. Employees and relevant internal and external stakeholders may also file grievances or reports of human rights violations via the reporting hotline. As of the end of the Reporting Period, the Group had not received any material human rights-related complaints.

We conduct regular human rights risk assessments. Over the past three years, no serious violations of laws or regulations have been identified in the Group's human rights and labor management assessments, and the Company has not received any reports or complaints concerning labor rights incidents.

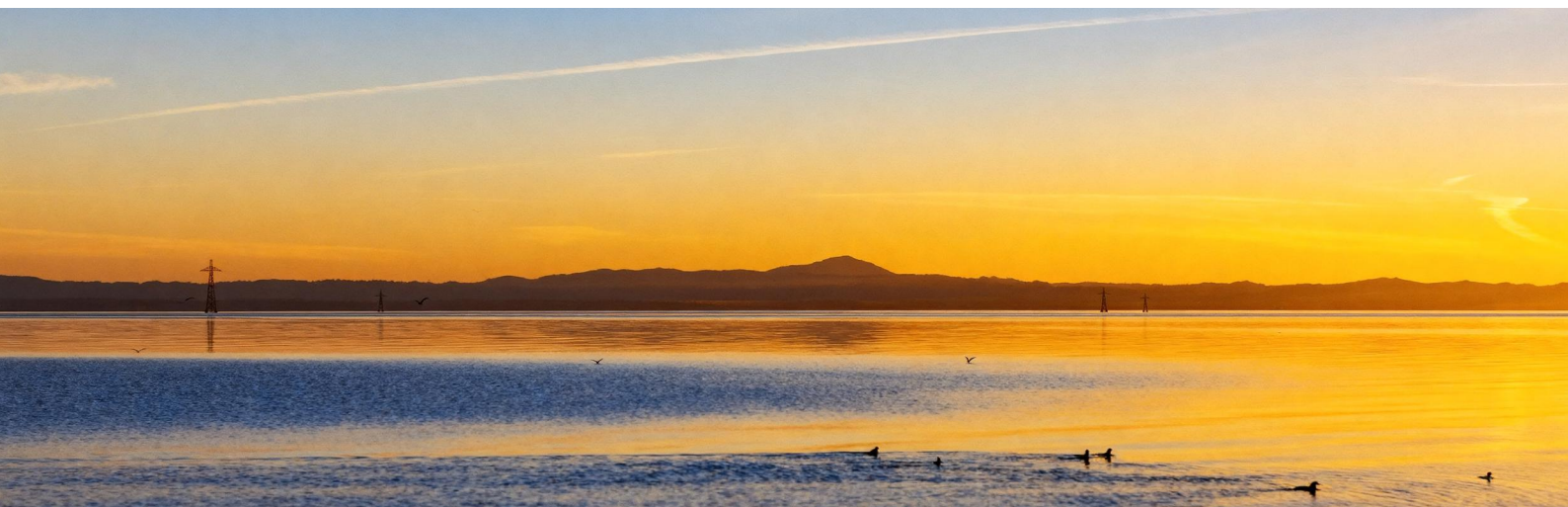
¹The term "Lao Niangjiu" originates from the Wu dialect region in the Yangtze River Delta, referring to a respected elder trusted for mediating disputes and upholding justice at the community level. In Shanghai's state-owned asset system, it has evolved into an institutionalized public engagement approach promoted by the Shanghai State-owned Assets Supervision and Administration Commission (SASAC). It aims to prevent and resolve conflicts at the corporate frontline through dedicated teams or mechanisms.

2. Recruitment Management

Shanghai Electric adheres to the principle of fairness and impartiality in key aspects such as recruitment, promotion, and training. It has formulated internal systems, including the Employee Recruitment Management, Detailed Rules for Employee Recruitment, and Employee Handbook to ensure the standardization and transparency of the recruitment process and employment decisions. The implementation of these systems guarantees equal opportunities for all employees in the career development process, while resolutely prohibiting any form of discrimination based on gender, age, ethnicity, or other factors, thereby laying a solid foundation for building an inclusive and diverse workplace.



We always regard talent recruitment as a key part of talent team development, and continuously improve the business system and management process of talent recruitment. We properly manage talent mobility across positions, and support the achievement of the Group's overall sustainable development goals through refined talent management. Relying on diverse channels, we integrate campus recruitment and social recruitment to attract high-quality and high-potential talents in the industry.





Shanghai Electric Summer Elite Training Camp

In August 2025, Shanghai Electric launched the "Summer Elite Training Camp" program to systematically build a platform for youth talent engagement and employer brand communication. Open to nationwide university students through public selection, the program attracted nearly 30 outstanding graduates from diverse academic backgrounds to Shanghai during the Reporting Period. Over three days and two nights of in-depth experience, participants gained a comprehensive understanding of Shanghai Electric's industrial layout, technological strengths and corporate culture through corporate visits, thematic seminars, alumni dialogues, mock interviews and other activities. The program not only provided young students with

cutting-edge industrial insights and career development support, but also effectively conveyed Shanghai Electric's brand image as a responsible employer and industry leader through immersive interaction and ongoing talent care, enhancing its appeal to high-caliber talents and social influence.

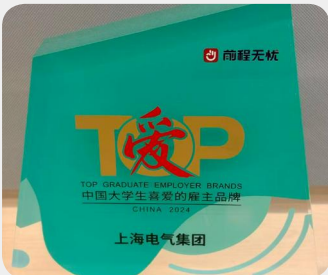


Shanghai Electric Summer Elite Training Camp

Shanghai Electric has continuously intensified its specialized efforts in overseas talent recruitment. On the one hand, it has clarified the baseline by sorting out the current status of core backbones for internationalized businesses and position demand gaps within the Group, so as to define recruitment targets. On the other hand, it has improved the selection mechanism and formulated clear procedures and standards to ensure effective and high-quality selection, laying a foundation for building a suitable international talent pool. In 2025, focusing on the introduction of high-level overseas talents, the Group conducted campus recruitment at 5 universities in Singapore and the UK, and participated in talent introduction events in multiple countries and Hong Kong, China, broadening talent sources through multiple channels. Through precise matching, the Group has signed more than 30 outstanding graduates from world-renowned overseas universities including the National University of Singapore, Nanyang Technological University, the University of Manchester, and the Technical University of Munich, covering core fields such as automatic control engineering, integrated energy systems, and electrical engineering, injecting new impetus into the Group's international development and core business innovation.

In addition, we have established an internal talent market and innovated the talent management mechanism to give priority to meeting internal position needs and promote precise matching between employees and positions. Through internal recruitment, two-way selection and dynamic adjustment, we have provided employees with more career development opportunities, optimized human resource allocation, stimulated employee potential, and achieved a win-win situation for individual growth and corporate development.

As of the end of the Reporting Period, Shanghai Electric had 43,074 employees. In 2025, the Group recruited 2,239 new employees, with an employee turnover rate of 3.15%, representing an overall decrease compared with the previous year.



Top Graduate Employer Brands Favored by Chinese College Students

Shanghai Electric Wins "Top Graduate Employer Brands Favored by Chinese College Students"

Relying on its influential employer brand, effective campus recruitment programs, diverse talent development initiatives and commitment to corporate social responsibility, Shanghai Electric has been awarded the title of "Top Graduate Employer Brands Favored by Chinese College Students".

3. Compensation and Benefits

Shanghai Electric has continuously improved its compensation distribution and incentive & restraint mechanism, strictly following the principles of strategy, fairness, competitiveness and motivation, and fully implementing the system of equal pay for equal work for men and women. On the basis of ensuring that labor compensation meets and exceeds living needs, we further provide market-competitive compensation and benefits, effectively enhancing attraction and cohesion for outstanding talents.

Compensation Management

To standardize the compensation management system, optimize human resource allocation and enhance organizational effectiveness, the Group has formulated and continuously improved policies including Compensation Management for Leaders of the Group's Subordinate Enterprises, Compensation Management, and Development, Approval, Implementation, and Tracking of Medium-and Long-term Incentive Plans, establishing a systematic compensation management framework. We adhere to the 4P compensation philosophy: Pay for Market, Pay for Position, Pay for Person, Pay for Performance, aiming to build a compensation system with both internal fairness and external competitiveness to promote sustainable, healthy and stable development, and give full play to the incentive and safeguard functions of compensation.

The employee compensation structure consists of four components: base compensation, performance compensation, allowances and benefits. Statutory benefits include pension insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund; non-statutory benefits include supplementary housing provident fund, enterprise annuity and other benefits provided by the Company (for details, see the subsection "Non-pay Benefits" in this chapter). While ensuring compliance and fairness in compensation management and implementing the principle of equal pay for equal work between men and women, the system strives to provide employees with market-competitive remuneration to attract and retain outstanding talents.

○ Performance-based Compensation

Shanghai Electric implements a performance-based floating compensation system for all employees to closely integrate individual contributions with the Company's strategic goals and motivate employee initiative and work efficiency. The Group has established a mechanism linking employee salary growth with corporate operating performance and labor productivity, and reasonably determines the scope of salary adjustments. Adhering to a performance-oriented approach, the Group deducts performance-based compensation in accordance with regulations for employees who fail performance assessments, and strictly enforces compensation clawbacks and malus for disciplinary or legal violations.

○ Shanghai Electric Incentive Mechanism

Short-term Incentive

- Compensation paid based on assessment of employees' job performance, behavior and other factors. According to business conditions and job characteristics, the Company independently chooses among monthly performance bonuses, quarterly performance bonuses and annual performance bonuses, encouraging a performance-oriented, more-pay-for-more-work and better-pay-for-better-performance distribution principle.

Medium-and Long-term Incentive

- During the Reporting Period, an Excess Profit Incentive Plan was fully implemented in industrial development enterprises to stimulate incremental value creation and promote the sharing of development achievements between employees and the enterprise. The Plan defines activation conditions for incentives and establishes deferral, lock-up, and clawbacks and malus mechanisms to ensure long-term incentives and risk controllability.
- For major science and technology projects, the Group has innovatively adopted a combined incentive model of milestone awards + first-set awards + achievement transformation incentives, and introduced a technology performance-based earnout mechanism to strengthen goal orientation and accelerate technological breakthroughs and value realization.

○ Non-pay Benefits

To provide employees with working conditions that support a healthy work-life balance, Shanghai Electric adopts an employee-centric approach by offering a comprehensive range of non-pay benefits to all staff, implementing people-oriented care, and enhancing employees' work-life happiness across multiple dimensions. During the Reporting Period, we formulated and issued the Group Talent Apartment Rental Management policy, focusing on improving the talent housing security mechanism to provide strong support for attracting and retaining core talents, while continuously fostering a work and living environment characterized by a strong sense of belonging and well-being.

Shanghai Electric Employee Benefits

Long-term Employee Benefits

The Group legally provides all employees (including overseas employees) with statutory leave, paid leave, parental leave, maternity/ paternity leave and offers statutory benefits including social insurance and housing provident fund as well as paid annual leave. Meanwhile, the Group continuously expands and optimizes the following benefit programs to demonstrate all-round care for employees:

Health, Medical Care and Support

- Membership services related to employee medical insurance
- Compassionate support, subsidies and claims for employees with critical illnesses
- Regular physical examinations for employees and pre-departure physical examinations for departing employees
- Employee recuperation and rehabilitation programs
- Remote video medical diagnosis services for overseas employees
- Medical accompaniment service for overseas employees' family members
- Allowances for employees stationed abroad

Work-Life Balance and Facilities

- Break rooms in workshops
(A one-time operation and maintenance subsidy of RMB2,000 per lounge is provided in the current year for lounges constructed in the previous year.)
- Small-scale Staff Lounges
(A one-time subsidy of RMB3,000 is granted for eligible ones; an annual subsidy of RMB1,000 is provided starting from the next year for those operating normally on an ongoing basis.)
- Staff Recreation and Welfare Center at overseas project sites
(A one-time subsidy of up to RMB20,000 for eligible ones; an annual subsidy of up to RMB10,000 is provided starting from the next year for those operating normally.)
- Young talent apartments and supporting activity spaces
- Breast-feeding/lactation facilities or benefits
(A start-up subsidy of RMB3,000 is provided for newly built Rooms for nursing mothers to support the needs of pregnant and lactating female employees.)
- Pilot flexible working hours system

Childcare and Family Support

- Family Care Leave
(Employees may take 5 working days of leave to care for parents aged 60 or above; the leave is extended to 7 working days for only-child employees.)
- Company-sponsored Summer Childcare Program
- Art training and parent-child activities for employees' children
- Care for children of overseas employees
- Care for spouses and parents of overseas employees

Employee Care and Well-being

- Recuperation and rehabilitation for model workers, advanced employees, highly skilled professionals and outstanding technical workers
- Home visits and condolences to employees in need
Care for elderly model workers
(physical condolences worth approximately RMB1,200 per person before the Double Ninth Festival each year)
- Factory high-temperature leave
- Festival care and condolences on New Year's Day, Spring Festival and other major holidays

Employee Development & Engagement

- Themed reading and sharing activities
- Staff Lecture Hall
- Professional skills and hobby training for employees
- Foreign language learning contests for overseas employees
- Inclusive services and benefits for trade union members

Retirement Benefits

Except for a defined benefit pension plan operated by certain overseas subsidiaries, the Group's retirement benefits mainly consist of basic endowment insurance and unemployment insurance contributed for employees, both of which are defined contribution plans. Group employees participate in the basic social endowment insurance organized and implemented by local labor and social security authorities. The Group pays monthly endowment insurance premiums to the local basic social endowment insurance agency in accordance with the contribution base and rates stipulated locally.

Employee Activities

Shanghai Electric continues to deepen the cultural development of its employees and organizes a wide range of multi-dimensional activities integrating online and offline formats, covering sports and cultural competitions, thematic learning, artistic creation and other fields. In 2025, we launched the "Strive for a New Century" series of themed events, including knowledge contests, themed check-ins, speech contests, badminton tournaments and photography competitions. We also introduced innovative featured programs such as the "Electric Power Coordinates" orienteering race, Spring Equinox Tea Party and Group Tennis Tournament. In addition, the Group has set up a dedicated "Employee Home" column on the "E-Campus" online learning platform, regularly offering legal education lectures, health management workshops and hobby-sharing sessions, systematically focusing on employees' physical and mental health and comprehensive development.



"Centenary Legacy, E-Journey Together" – 2025 "Electric Coordinates" Orienteering Race Ignites Endeavor Passion

In October 2025, Shanghai Electric held the themed event celebrating the 76th Anniversary of the Founding of the People's Republic of China and the kick-off of the 2025 "Electric Coordinates" Orienteering Race. The event deeply integrated red landmarks, industrial parks and green concepts, with multiple themed routes covering red landmarks including the Shanghai Workers Cultural Palace and the Sihang Warehouse Anti-Japanese War Memorial Hall, as well as subsidiaries such as Shanghai Electric Wind Power and Shanghai Mitsubishi Elevator. A total of 75 competition teams and 30 parent-child teams completed urban exploration tasks via public transport and cycling, demonstrating the solidarity, dedication



"Centenary Legacy, E-Journey Together" – 2025 "Electric Coordinates" Orienteering Race

and enterprising spirit of Shanghai Electric employees through collaborative competition. The event was held concurrently with the Employee Life Festival and Parent-Child Carnival, enriching employees' cultural life, enhancing team cohesion, and inspiring all employees to translate their enthusiasm on the field into a strong driving force for promoting the Group's high-quality development.



Shanghai Electric Spring Equinox Tea Party

In March 2025, Shanghai Electric successfully held a Spring Equinox-themed Tea Party. With spring-themed tea table arrangements, tea art demonstrations and tea culture sharing sessions, the event fostered a strong atmosphere of traditional culture. Professional tea masters were invited to give detailed introductions to Spring Equinox tea customs, tasting techniques and wellness knowledge, followed by tea set appreciation and interactive exchanges in a warm and harmonious atmosphere. The event not only enriched employees' spare time cultural life and facilitated cross-departmental communication, but also helped employees relax through an experience of traditional tea culture, enhancing their sense of belonging and team cohesion. It received unanimous praise from all participants.



Shanghai Electric Spring Equinox Tea Party

Diverse Care

We take diversified welfare initiatives as the core, providing targeted support to employees in difficulty and those with disabilities, fully protecting the legitimate rights and interests of female employees, and focusing on mental health care for employees. We enhance employees' sense of happiness and career fulfillment from multiple dimensions, enabling them to gather motivation in a comfortable working environment, continuously improve work efficiency, and build a corporate development ecosystem featuring harmony, common progress and efficient collaboration.

○ Support for Employees in Need

The Group actively promotes the development of its employee care system and provides support and condolences through multiple channels to effectively strengthen the safety net for employee protection. In 2025, we launched the "One-Day Donation" campaign, which mobilized 67 enterprises and raised RMB5.575 million. Throughout the year, more than RMB5.87 million in relief funds was allocated, benefiting more than 5,500 employee visits in need. In addition, we implemented quarterly delivery of daily necessities to families of employees in need, with condolences reaching more than 1,500 person-times. We also continued the "Micro-Wishes Fulfillment" program, organizing 7 children of employees in need to participate in summer camps organized by national and municipal trade unions, conveying the warmth of the organization.

○ Support for Employees with Disabilities

The Group strictly complies with the Law of the People's Republic of China on the Protection of Persons with Disabilities and other laws and regulations, and consistently upholds the philosophy of equality, inclusion and care throughout the entire employment management process to effectively safeguard the legitimate rights and interests of employees with disabilities. Adhering to the principle of non-discrimination and equal treatment, the Group scientifically assigns suitable positions based on the physical conditions of employees with disabilities, and provides equal employment opportunities and career development support, striving to create an equal, friendly and inclusive working environment. In 2025, the Group took the initiative to conduct exchanges with the Shanghai Disabled Persons' Employment Service Center to deepen cooperation on employment, recruitment and training for persons with disabilities. It also joined the Shanghai "Towards the Sun – Enterprise Alliance" and continued to participate in social services such as employment training for persons with disabilities. As of the end of the Reporting Period, the Group had 133 active employees with disabilities. The Group is committed to enabling every employee with disabilities to realize personal value and career development in an atmosphere of respect and understanding.

○ Protection of Female Employees' Rights and Interests

We attach great importance to the rights and interests protection of female employees, and fully abide by the Labor Law of the People's Republic of China and the Special Provisions on the Labor Protection of Female Employees, fully implementing various protection measures for women during pregnancy, childbirth, and lactation. Meanwhile, we continuously optimize relevant welfare facilities and support systems. During the Reporting Period, we promoted the construction of 4 new "nursing rooms for mothers" and upgraded 1 existing booth, which has been rated a Four-Star Nursing Room by the Municipal Federation of Trade Unions. In addition, we actively foster a friendly environment supporting women's career development and physical and mental health by organizing diversified care activities, effectively enhancing female employees' sense of gain and belonging.



"Care for Female Employees, Law by Your Side" Legal Awareness Campaign

In March 2025, Shanghai Electrical and Mechanical Trade Union organized a special legal awareness campaign under the theme "Care for Female Employees, Law by Your Side", involving more than 130 primary-level units and covering nearly 5,000 employees. Through legal videos, online consultations, case studies and experience sharing, the campaign systematically promoted laws and regulations closely related to the rights and interests of female employees. The trade union also revised the special collective agreements on the protection of female employees' rights and interests, adding four targeted provisions to further strengthen institutional protection for their special rights and interests. Innovative

formats such as online knowledge contests, legal awareness carnivals and AI interactive analysis were adopted, effectively boosting participation and communication effectiveness. This legal campaign effectively enhanced female employees' legal awareness and ability to protect their rights, fostering a sound atmosphere of respecting and safeguarding their legitimate rights and interests.



Legal Awareness Campaign by the Trade Union of Shanghai Generator Plant

Employee Mental Health Care

Shanghai Electric attaches great importance to employee mental health care and systematically builds an employee psychological support system through multi-pronged measures such as special lectures and themed mental health activities. The Company actively collaborates with professional institutions including the Shanghai Municipal Health Commission to foster a sound atmosphere focusing on mental health. During the Reporting Period, we held 61 special mental health lectures covering more than 5,500 person-times, and provided 39 psychological counseling sessions serving over 1,300 employees. These efforts have effectively improved employees' psychological adjustment ability, cultivated a positive, healthy, harmonious and inclusive organizational culture, and provided strong support for employees' all-round development.



"Love in the Red Chamber, Boundless Heartfelt Words" Health & Culture Themed Event

In November 2025, Shanghai Electric, co-hosted by the Shanghai Municipal Center for Health Promotion and supported by the Trade Union of Shanghai Electric Group Investment Co., Ltd. and other co-organizers, successfully held the "Love in the Red Chamber, Boundless Heartfelt Words" Health & Culture Themed Event, encouraging employees to actively prioritize their physical and mental health. The event innovatively integrated art appreciation and health education. Through diverse forms including excerpts from the Yue Opera Dream of the Red Chamber, interviews with medical and psychological experts, and Guzheng performances, it created an immersive cultural experience and a relaxing space for employees.

To further expand service coverage, an on-site Enterprise Health Promotion Service Fair was held simultaneously, offering a wide range of experiential health services: TCM diagnosis, physical constitution identification, mental health screening, dry eye SPA experience, traditional Chinese medicine tie-dye, cardiopulmonary resuscitation (CPR) demonstration, and herbal tea tasting. Combining online live streaming and offline interaction, the event not only immersed employees in culture and art but also provided convenient, professional health assessment and guidance, fully catering to their physical and mental health needs.

4. Democratic Management

The Group continuously deepens the practice of democratic management. We have established the Shanghai Electrical and Mechanical Trade Union, formulated and issued a series of important systems including the Implementation Measures of Shanghai Electric Group's Employee Representative Meeting, the Measures for Soliciting and Handling Proposals of the Employee Representative Conference of Shanghai Electric, and the Detailed Rules for the Implementation of Collective Bargaining Work in Shanghai Electric, establishing and improving a normalized and standardized democratic management mechanism. The Group respects employees' freedom of association and the right to collective bargaining, and regularly holds collective bargaining meetings and employee representative meetings every year to ensure that employees participate in democratic management and democratic supervision in accordance with the law, effectively implementing the rights and interests of employees.

During the Reporting Period, the Group revised, deliberated and formally adopted the Collective Agreements of Shanghai Electric Group Co., Ltd. 2025–2027, the Special Collective Agreements on the Protection of Female Employees' Rights and Interests of Shanghai Electric Group Co., Ltd. 2025–2027, and the Special Collective Agreements on Wages of Shanghai Electric Group Co., Ltd. 2025. The trade union signed the contracts on behalf of employees with the Company, systematically safeguarding and effectively protecting the legitimate rights and interests of employees, and fostering a sound pattern of coordinated development and mutual benefit between the enterprise and its employees. As of December 31, 2025, all active employees of Shanghai Electric are members of the trade union.



The 5th Session of the 3rd Employee Representative Meeting of Shanghai Electric Was Held

In March 2025, Shanghai Electric Group held the 5th Session of the 3rd employee representative meeting, focusing on the Group's development strategy and the protection of employees' rights and interests. The meeting further clarified that the Group would continue to advance work in areas including serving national strategies, upgrading industrial capabilities, accelerating scientific and technological innovation and market expansion, and continuously strengthen the "community of shared interests" between the enterprise and its employees. It also set a high-quality development path centered on developing new quality productive forces and building core competitiveness. The congress commended



The 5th Session of the 3rd Employee Representative Meeting of Shanghai Electric

outstanding projects and individuals in the 2024 labor competitions, deliberated and adopted five proposals including the collective agreements, the special collective agreements on the protection of female employees' rights and interests, and the special collective agreements on wages, and conducted democratic appraisal of the Group's leading bodies. This meeting further consolidated the Group's democratic management mechanism.

Listening to Employees' Voices

We are committed to fostering an open and transparent communication atmosphere and building an equal, efficient, diversified and unimpeded employee communication system. Through various forms such as the letters and visits channel, symposiums for model workers, symposiums for high-skilled leading talents, face-to-face meetings with the General Manager, symposiums for young representatives, and symposiums for scientific and technological experts, we extensively listen to employees' demands and actively absorb reasonable suggestions.



Shanghai Electric Holds Symposium for Youth Representatives

In May 2025, Shanghai Electric held a symposium for youth representatives. Chen Wang, Party Committee Deputy Secretary of CPC and Chairman of the trade union of the Group, had face-to-face exchanges with representatives of the "Top Ten Young Model Workers" of Shanghai Electric. In-depth discussions were held on topics including technological innovation and breakthroughs, market development and collaboration, digital transformation, talent development and platform building. At the meeting, youth representatives actively put forward suggestions based on actual work, such as strengthening cross-field collaboration and improving the talent echelon construction, reflecting the young



Shanghai Electric Symposium for Youth Representatives

employees' concern and thinking about the Group's development. This symposium effectively built a dialogue platform between senior management and frontline staff. It is an important measure for the Group to listen to employees' voices and build consensus for development, injecting new impetus into stimulating innovation vitality and promoting high-quality development.





Shanghai Electric Holds Symposium for Employee Representatives

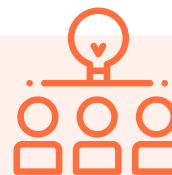
As of the reporting date, Shanghai Electric has organized and held the "Face-to-Face Dialogue, Solicit Good Suggestions, Promote Development" symposium for employee representatives. Nine frontline representatives from management, scientific research and skilled positions held practical and in-depth discussions with Group leaders on topics including digital transformation, industrial collaboration, innovation mechanisms and talent development. Specific proposals put forward by representatives, such as building the Group's technical capability map, establishing a cross-industry collaboration mechanism, and optimizing the innovation tolerance and incentive mechanism, all received positive responses on site. We systematically sorted out and promoted the implementation of these suggestions to achieve effective results, forming a closed-loop management from listening and research to feedback. This meeting is a key practice for the Group to institutionalize and normalize employee democratic participation, effectively translating employee wisdom into a sustained driving force for improving governance efficiency and promoting high-quality development.

To continuously optimize employee relations and improve the internal management mechanism, the Company has established a standardized and efficient appeal handling process. In accordance with the Employee Handbook, employees may file complaints regarding violations of the Handbook through face-to-face meetings or signed written submissions. Complaints may be directed against management personnel at all levels, the Company's trade union, and even the principal person in charge. The Company encourages priority use of hierarchical channels; employees may also complain directly to the trade union, the administrative office, or the democratic suggestion box. When necessary, they may appeal to the President or Chairman via email or the President's Mailbox. Responsible persons or departments at all levels shall conduct an investigation upon receipt of a complaint and issue a decision as soon as possible. The outcome shall be notified in writing or by email. Employees dissatisfied with the outcome may further appeal to the next higher level. Meanwhile, the Company shall keep the complainant's information strictly confidential and strictly prohibits any form of retaliation.



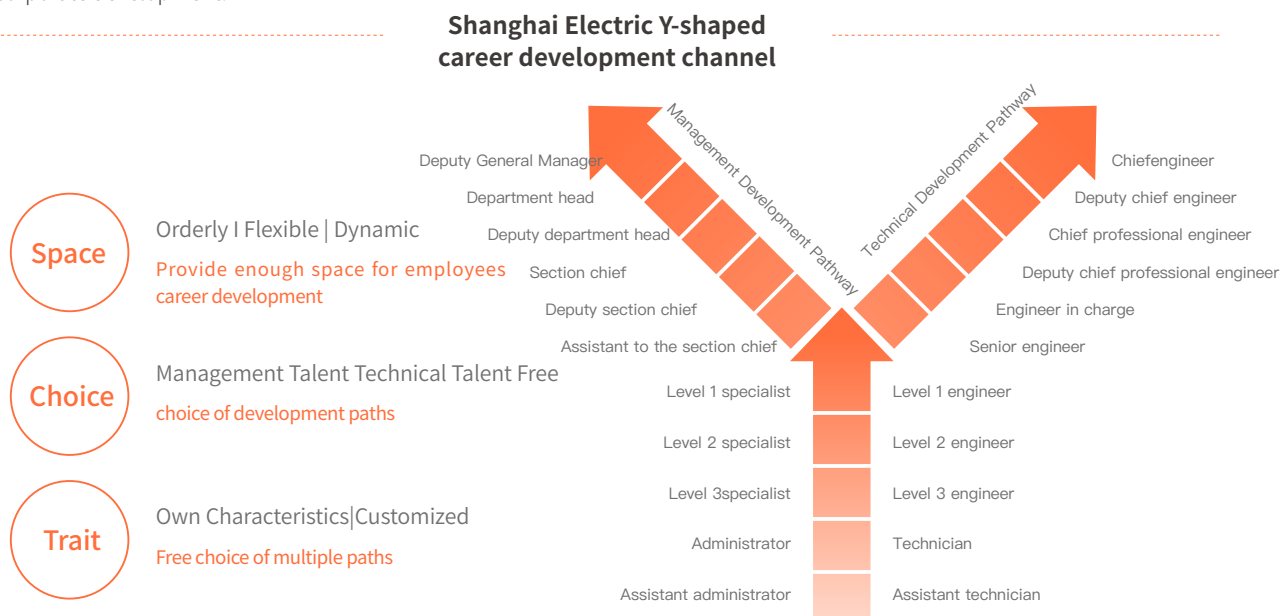
Training and Development

Shanghai Electric has established a comprehensive and systematic talent development and training system. It attracts and retains talents by opening up clear career paths and strengthening training empowerment, injecting impetus into the long-term and steady development of the Company.



1. Development System

Shanghai Electric has established a comprehensive career development system to provide all employees with equal opportunities for career development and promotion. We have built a "Y-shaped" career development dual-channel system to provide employees with differentiated growth paths where management and technical roles run in parallel. By establishing a scientific and technological talent pool and systematically advancing the professional talent pipeline development, we encourage our core backbone members to delve deeply into technical fields. At the same time, we improve the supporting incentive mechanisms, effectively unleash employees' potential, and achieve resonance between personal growth and corporate development.



To effectively encourage employees to advance along the technical channel, we provide skill promotion subsidies to employees in core and critical occupations in the manufacturing sector. One-time special subsidies corresponding to the relevant levels are granted to employees who successfully pass the promotion to intermediate or senior skill grades.

Shanghai Electric adheres to the performance management principles of "strategic guidance, performance orientation, diversified indicators, interest relevance, fairness, impartiality and openness" in evaluating employee performance and contributions. It has formulated the Employee Performance Management policy and implements a semi-annual assessment approach. We set annual task documents at the beginning of the year to clarify assessment objectives. At year-end, scores are given based on target achievement, debriefing evaluation, negative list items and other dimensions to form a comprehensive annual assessment result, establishing a complete performance management process covering performance planning, performance tracking, performance appraisal and result application. During the Reporting Period, 100% of Shanghai Electric employees received performance evaluation at least once a year.

To strengthen individual performance management, we have established a standardized mechanism for performance process guidance and result communication. In the performance feedback stage, employees may discuss results with appraisers, direct supervisors and the human resources department through Round Table meetings. Where employees disagree with the appraisal results or relevant rewards and penalties, they shall have the right to file a formal appeal with the group assessment panel. The panel will complete the review within 20 working days upon receipt of the appeal and communicate the final outcome to the employee.

2. Training System

Shanghai Electric deeply believes that talents are the core driving force for the sustainable development of the enterprise. In talent development, we have built a multi-level empowerment system that covers all employees and runs through the entire career cycle. For employees at different levels and in different professional sequences, we provide precise and systematic growth support to fully stimulate the potential for coordinated development of the organization and individuals. To this end, focusing on core capability building, we have created the "AIK Competency Model and Curriculum System". Based on three dimensions: Ability, Individual Personality, and Knowledge, the system systematically establishes a layered and classified AIK training model, promoting continuous optimization of the talent structure and sustained vitality of the organization. The Company also makes full use of digital technologies to establish the "E-Campus" online platform, which integrates a variety of learning resources and functions, providing employees with abundant training courses and flexible, convenient learning channels.

Shanghai Electric Talent Cultivation System

General Training

For all employees: training on corporate culture, business ethics, compliance and risk control, health and safety, environmental protection and other sustainable development-related courses.

Skill and Knowledge Development Training

For professional and technical personnel: training on theoretical knowledge, operational skills, digital thinking, production awareness and other related courses.

Fresh Graduate Training

For new graduates: Summer Elite Camp, new employee orientation and other programs.

Management Talent Training

For management personnel: the Group has established the "1+7" Competency Model for leadership development. "1" stands for Political Competence; "7" stands for Strategic Competence, Decision-making Ability, Business Acumen, Innovation Capability, Organizational Capacity, Resource Integration Ability and Talent Development Ability.

Degree Programs and Certifications for Employees

For eligible employees across industrial groups: in cooperation with Shanghai Jiao Tong University, Tsinghua University, Fudan University and other universities, the Company offers part-time master's and doctoral programs, covers tuition fees, provides access to external resources, and supports continuous further study and professional development.



"Powered by Electric! Setting Sail for the New" 2025 Shanghai Electric New Employee Induction Ceremony

In August 2025, Shanghai Electric held an induction training themed "Powered by Electric! Setting Sail for the New!" for nearly 800 fresh graduates. Through a one-week intensive closed-door training centered on three core modules—"Strategic Navigation, Cultural Foundation, and Skill Recharging"—it systematically helped new employees quickly understand the industrial layout, identify with the corporate culture, and enhance their job capabilities. The training also integrated diversified team-building activities such as basketball games and cultural performances, effectively enhancing team cohesion and a collective sense of belonging. It helped fresh graduates successfully complete the critical transition from campus to the workplace, injecting new vitality into the Group's future development.



Shanghai Electric New Employee Induction Ceremony



Shanghai Electric Phase IV Young Talent Pool Training Program

In June 2025, Phase IV of the Shanghai Electric Young Talent Pool program was held, providing systematic Training for nearly 240 high-potential youths who have been with the company for 5 to 10 years. Based on the "GPS" talent training model, the program effectively broadened trainees' horizons and enhanced their professional capabilities through a combination of general courses and personalized development. The program established a self-organizing management mechanism and built a communication platform to promote trainees' self-empowerment, achieving large-scale talent review and precise training. During the program, nearly 200 personal cases and research reports were produced, making the capabilities and value of high-potential youths explicitly visible, and providing strong support for the Group's talent pipeline construction.

G-General Project

General Courses - Broadening Horizons

- Cultivation of Party spirit
- Electric DNA
- Team integration
- Frontier perspective

P-Personal Project

Personalized Projects - Professional Excellence

Taking Phase IV of the Young Talent Pool as an example, personalized projects in 7 major professional directions were set up for 3 categories of personnel:

- Professional courses
- Visit and exchanges
- Talent assessment
- Action learning

S-Self Organizing Management

Self-Organizing Management - Self-Empowerment

- Class autonomous management system
- Class competitions
- Fun activities



Shanghai Electric Phase IV Young Talent Pool Program

Leadership Talent Cultivation

We attach great importance to the cultivation of employee leadership and have established a business management talent cultivation system that precisely covers the key growth stages from new employees and high-potential youths to managers at all levels. Through programs such as the "New Employee Induction Training", "Star Power Young Talent Special Training Camp", "Young Talent Pool Program", "Training Program for Young and Middle-aged Executives", and a series of senior executive seminars, we systematically guide talents to advance from individual contributors to team leaders and strategic decision-makers.



Management Talent Training System

Stages	Target Group	Targets	Programs						
M1	Party Committee-Managed Senior Leaders	<ul style="list-style-type: none"> Strengthen party spirit and ideals/convictions Solidify competency in fulfilling duties 	☆☆☆ Party Committee Study Sessions	☆☆☆ Leadership Seminars	☆☆☆ Thematic Education	☆☆☆ Newly Appointed Leadership Seminar			
	Successors for Principal	<ul style="list-style-type: none"> Decompose strategy Empower teams Assess competency & potential 	☆☆☆ Young & Middle-aged Cadres Class						
M2	Deputy Positions		☆☆ Finance Director Class	☆ Marketing Advanced Studies Class	☆ Strategic Planning Seminar	☆ Advanced Seminar on Operations & Management	☆☆ Thousand Sails Global Talent Program		
Mastery Period	Middle-level Managers	<ul style="list-style-type: none"> Lead small teams Execute projects Coach subordinates 	☆☆ Finance Director Reserve Class	☆ Intermediate Marketing Class	☆ HR Advanced Studies Class	☆☆ Party-Masses Cadres Program			☆☆ Spark Talent Development Program
Advancement Period	Junior Managers / Middle-level Successors	<ul style="list-style-type: none"> Deepen expertise Undertake key tasks Demonstrate teamwork 	☆☆ Youth Talent Pool Program						
			<ul style="list-style-type: none"> Party Affairs Finance HR Technology Supply Chain Master Craftsmen 						
Capacity-Building Period	Individual Contributors / Junior-level Successors	<ul style="list-style-type: none"> Enhance personal effectiveness Improve comprehensive qualities 	☆☆ "Star Power" Youth Training Camp						
Awareness Period	University Students	<ul style="list-style-type: none"> Promote strategic culture Learn business knowledge 	☆☆☆ New Employee Induction Program						
Integration Period	New Employees	<ul style="list-style-type: none"> Introduce corporate DNA Guide career development 	☆☆☆ School-Enterprise Integration Program						

■ This is a key project to be promoted this year. The ☆ symbols indicate the training frequency:☆☆☆ (conducted annually) ,☆☆ (conducted once every two years) ,☆ (conducted irregularly, based on demand)

 **Training Program for Young and Middle-aged Executives**

In 2025, the Shanghai Electric "Training Classes for Young and Middle-aged Executives" precisely focused on 47 management reserve talents. Through a diversified cultivation approach combining "assessment, learning, training, and examination", and a full-cycle, high-intensity (day and night, learning and examination) online and offline mixed operation model, it deeply stimulated trainees' active thinking and potential. This program not only effectively promoted the identification and systematic development of key talents, but also laid a solid leadership foundation for the Group's strategic inheritance and long-term development.



Training Program for Young and Middle-aged Executives

Skill and Knowledge Development Training

We have built a modern skilled talent cultivation system featuring "institutional integration, deep integration of industry and education, and systematic cultivation". It aims to cultivate a knowledgeable, multi-skilled workforce of model workers and craftsmen with a matching scale, reasonable structure, outstanding literacy, and full vitality, thereby providing solid talent support for the steady implementation of the Group's strategies.

Skill and Knowledge Development Training System

New Eight-Level Worker Skill System	Training Programs	Training Modules	Ecosystem & Culture	
Chief Technician, Special-Grade Technician	Chief Technician Evaluation, Model Worker & Craftsman Advanced Studies	<ul style="list-style-type: none"> ▶ Dual-Tutor Career Path ▶ Chief Technician Studio ▶ External Honor Funding Application 	<ul style="list-style-type: none"> ▶ Professional Skill Level Certification ▶ Li Bin Cup Competition 	<ul style="list-style-type: none"> ▶ Continuously build the "Li Bin Cup" competition brand: Expand the competition from traditional trades into new fields such as industrial robotics operation and maintenance, making it an important stage for discovering and selecting highly skilled talents. ▶ High-skilled leading talents undertake "project challenges by answering calls," encouraging high-skilled talents to participate in major technological innovation and key technical breakthrough projects.
Technician, Senior Technician	"3+3+3" Technical Worker Training Project	<ul style="list-style-type: none"> ▶ Technician Continuing Education ▶ Internal/External Knowledge Sharing ▶ Classroom Teaching 		
Senior Worker, Technician	Talent Reserve - Craftsman Reserve Class	<ul style="list-style-type: none"> ▶ Skill Competitions ▶ Skill Drills 		
Intermediate Worker, Senior Worker		<ul style="list-style-type: none"> ▶ Master-Apprentice Mentorship ▶ Workshop and Frontline Internships 		
Junior Worker, Intermediate Worker	Order-Based Training in collaboration with institutions like the Motor College and Shanghai Second Polytechnic University	<ul style="list-style-type: none"> ▶ Model Workers & Craftsmen Campus Visits ▶ Corporate Culture Lectures ▶ New Apprenticeship Training 		



2025 "3+3+3" Technical Worker Training Project

In 2025, Li Bin Technician College of SEC advanced the training work of the 24th and 25th Mechanical Design, Manufacturing, and Automation Undergraduate (Technician) Classes under the "3+3+3" Technical Worker Training Project. Upholding the advanced educational philosophy of "college + factory, academic qualifications + skills", matching rewards are implemented for technical workers who achieve an academic upgrade through this project: those who obtain a junior college diploma, a bachelor's degree, and a postgraduate/master's degree will be awarded RMB1,000, RMB2,000, and RMB5,000, respectively; those who obtain a completion certificate from the Model Worker and Craftsman Seminar will also be awarded RMB3,000.

Addressing the practical needs of front-line industrial workers, we have established a comprehensive talent cultivation system. The project launched its graduation design phase at the end of the year, with 56 trainees entering the final stage of on-the-job innovative practice and consolidating learning outcomes. The College formed a "dual tutors" team from both the school and enterprises, uniting 24 technical experts from 13 enterprises and 7 university teachers from SShanghai Electromechanical Institute to guide the trainees. By clarifying the design process, thesis standards, and key milestones, the dual mentors guided the trainees from the perspectives of on-the-job practice and theoretical academics to select topics and solve problems based on actual production. This model deepens industry-education collaboration, making the graduation design both academically rigorous and industrially applicable. It serves as a significant practice of Shanghai Electric in integrating school and enterprise resources to cultivate high-quality technical talents.

3. Satisfaction and Engagement

To gain an in-depth understanding of employee needs and enhance management efficiency, we collaborated with professional third-party agencies to conduct employee engagement surveys. We actively listened to employee feedback, tracked the changing trends of the engagement index, and evaluated the effectiveness of existing management mechanisms across multiple dimensions, thereby formulating targeted optimization measures.

To ensure unblocked employee communication channels and listen to the voices of employees, the Company conducts annual employee satisfaction surveys. The survey dimensions focus on the pioneering spirit of the respective enterprises towards business development, the overall demeanor of the leadership teams, their ability to perform duties, and their care and concern for the broad base of employees. We invited employee representatives within the Group to participate in the employee satisfaction survey, distributing a total of 2,473 questionnaires. In 2025, the employee satisfaction survey result reached 90%, reflecting an overall good score. Based on the employee satisfaction survey results, the Human Resources Department and the Trade Union will collaborate with relevant departments to research and formulate optimization plans and take targeted improvement measures, striving to elevate the level of employee satisfaction.



Occupational Health and Safety

1. Occupational Health and Safety System

Shanghai Electric attaches great importance to occupational health and safety work, having established an organizational structure and management system with clear rights and responsibilities and distinct hierarchies. The Group established the Safety and Environmental Affairs Committee as the highest decision-making body for occupational health and safety work. We fully implement an all-staff responsibility system for safety production. By signing letters of responsibility and detailing responsibility lists, responsibilities are transmitted level by level to all departments and positions. Occupational health and safety management is integrated into the entire process of daily business operations, achieving full-process coverage from decision-making to execution, ensuring that all management requirements are effectively implemented and responsibilities are solidly fulfilled.

Shanghai Electric Occupational Health and Safety Governance Structure

Safety and Environmental Affairs Committee	The primary person-in-charge serves as the director of the Safety and Environmental Affairs Committee. Relevant functional departments, subordinate industrial groups, or enterprises serve as member units. The Committee has set up a daily administrative office responsible for handling its routine work. Meetings of the Safety and Environmental Affairs Committee are held regularly to discuss, research, and resolve various issues and difficulties in safety and environmental protection work that require coordinated solutions.
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Safety and Environmental Management Functional Departments	We establish safety and environmental management functional departments according to the requirements of laws and regulations and management needs, equip them with full-time and part-time safety and environmental management personnel, and clarify management responsibilities.
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By strictly abiding by the Law of the People's Republic of China on Workplace Safety, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and the Measures for the Administration of Emergency Plans for Workplace Accidents, the Group has formulated and continuously refined core systems such as the Occupational Health, Safety and Environmental Protection Management Manual, the EHS Management System Review Measures, and the EHS All-Employee Responsibility System. During the Reporting Period, we systematically integrated the Group's "SEC-LOVE" management model, work safety standardization, safety culture, and universal systems such as ISO, to formulate the Group's EHS Management System Requirements. This clarified the enterprise safety culture creation guidelines and indicator system, forming an EHS management theoretical foundation and top-level guidance that are more systematic, scientific, and in line with the Group's actual conditions. As of the end of this Reporting Period, all key production enterprises of the Company have passed the ISO 45001 Occupational Health and Safety Management System third-party certification, with the certification scope covering 100% of the operating locations.

During the Reporting Period, the number of working days lost due to industrial accidents was 670, with no fatalities or serious injuries occurring in production safety incidents.

Note: For key production enterprises, please refer to Appendix III List of Major Subsidiaries Involved in Environmental Data in this report.

2. Risk Identification and Management

To further improve the long-term mechanism for the investigation and management of workplace safety hidden dangers, solidly advance the rectification of hidden dangers, and effectively prevent and curb the occurrence of safety accidents, Shanghai Electric has formulated and implemented systems such as the "Dual Reporting" for Hidden Danger Investigation and Management and Major Accident Hidden Danger Governance and the Statistical Management of the Reporting and Handling of Production Safety Accidents and Environmental Pollution Incidents. In terms of strengthening risk control, we have detailed control standards and requirements for the key high-risk links involved, and systematically formulated the Class A Inherent Risk Assessment Standards to clarify the identification methods and control requirements for major risks. Concurrently, we issued the Major Accident Hidden Danger Identification Standards to standardize the identification procedures and closed-loop management processes, prompting enterprises to achieve precise risk identification and systematic hidden danger investigation, thereby enhancing accident prevention capabilities.

In 2025, we conducted a total of 712 enterprise inspections and promoted the rectification of 28,879 hidden dangers. Meanwhile, we actively built a safety co-governance system with full participation and established an internal reporting and reward mechanism for accident hidden dangers, with a total of RMB182,200 distributed in rewards throughout the year. This has fully mobilized the enthusiasm of employees to participate in safety management and provided a strong guarantee for the enterprise's safe production.

Management of Safety Hidden Dangers



Major hidden dangers

Refers to hidden dangers that may lead to major personal casualties, property losses, or severe environmental pollution, specifically including major accident hidden dangers (safety), major fire hidden dangers (fire protection), and major environmental hidden dangers (environment).



General hidden dangers

Other hidden dangers besides major hidden dangers.

Reporting and Handling of Hidden Dangers

Reporting and handling process for major hidden dangers

Upon discovering a major hidden danger or the failure of important risk control measures, the use of relevant equipment and facilities or operations shall be suspended immediately. Temporary safety control measures shall be taken, and the situation shall be immediately reported to the primary leader of the unit;

After receiving the report, the primary leader of the unit must organize, formulate, and implement a special governance plan for major hidden dangers in accordance with the "Five Implementations" principle (implementation of measures, responsibilities, funds, time limits, and contingency plans);

If the danger cannot be immediately rectified or effective control measures cannot be taken within a short time, based on the principle of "listed by whoever discovers it", the Group, industrial group, or enterprise shall immediately implement a listed supervision mechanism. Moreover, it should be reported level by level to the Group's Safety and Environmental Protection Committee Office within 24 hours, and reported to the local competent authorities as required.

Reporting and handling process for general hidden dangers

Upon discovering a general hidden danger or the failure of general risk control measures, the situation shall be immediately reported to the head of the relevant department or relevant personnel. The relevant departments and personnel shall organize the rectification to eliminate the hidden danger in a timely manner. After the rectification is completed, the rectification results shall be reviewed and confirmed;

For general hidden dangers that cannot be rectified immediately, a rectification plan shall be formulated, clarifying the rectification measures, responsible persons, and completion deadlines, while temporary control measures shall be implemented. After the rectification is completed, the rectification results shall be reviewed and confirmed.

In 2025, the Group focused on identifying high-risk issues in production and operations that could cause relatively large safety accidents and environmental impacts, such as abnormal pressure in high-pressure reactors, hypoxia and poisoning in confined space operations, and leaks during the loading and unloading of hazardous chemicals. To ensure that such high-risk activities always remain under control, the Group has comprehensively deployed and implemented targeted prevention and control measures, such as installing dual pressure alarm devices for high-pressure equipment, and strictly executing mandatory gas concentration testing before confined space operations, thereby building a reliable safety barrier from both technical and management dimensions.

Safety Accident Response

When a production safety accident occurs, the involved unit shall initiate an investigation procedure according to the incident level. Minor injury accidents shall be independently investigated and handled by the unit itself, with the results reported to the safety and environmental functional department of the unit for record-filing. For severe injuries and above, the unit shall cooperate with the government accident investigation team to conduct the investigation, and report the results to the Group's safety and environmental functional department for record-filing within 15 working days after the investigation report is approved. Fatal accidents must be investigated and reported strictly in accordance with the Regulations on the Reporting, Investigation and Handling of Production Safety Accidents. All accident investigations and handling within the Group must strictly implement the "Four No-Let-Go" principle (the cause of the accident is not let go until identified; the responsible persons are not let go until dealt with; the relevant personnel are not let go until educated; and corrective measures are not let go until implemented). The accident unit must analyze the cause of the accident and implement rectification and supervision measures.

3. Occupational Health and Safety Control

Shanghai Electric Group deeply integrates technological innovation into risk management throughout the entire production process. In the fields of workplace safety and occupational health, we have built a modern control system centered on prevention, driven by intelligence, and based on co-governance by all employees. This promotes the systematic transformation of safety management from post-event handling to pre-event prevention, and from passive response to proactive prevention and control, thereby continuously enhancing the intrinsic safety level and the ability to guarantee employee health.



Production Safety Measures

Technology-Enabled Safety Supervision

Promote the upgrading of equipment and facilities, as well as the implementation of "machine replacement and automation-driven workforce reduction" (e.g., introducing AGV logistics systems, robotic arms, flexible automated production lines, etc.), to achieve dual improvements in safety and efficiency and transition toward "machine-controlled" and "intelligent-controlled" operations. Drive information and digital empowerment by promoting scenario-based applications such as inspection robots, drone patrols, online intelligent detection, and AI behavior recognition.

Fire Safety Management

Focus on key areas such as electric bicycles, factory buildings, and warehouses. Complete the construction of multiple new compliant parking and charging points, while identifying and addressing fire safety hazards such as foam-core sandwich panels to achieve systematic control.

Hazardous Chemicals Management

For multiple group enterprises in Shanghai involved in the use and storage of hazardous chemicals, comprehensively outline the core elements of full lifecycle hazardous chemicals control and continuously enhance the safety management level of hazardous chemicals.



Occupational Health Measures

Source Control and Engineering Protection

Promote the implementation of multiple "technology-enabled health" projects (e.g., introducing robots, laser processes, etc.) to reduce hazards at the source through process and equipment upgrades. Coordinately advance the standardized construction of workplace restrooms, adding 43 new units throughout the year to improve employees' rest environments.

Occupational Health Examinations

Strictly enforce occupational health examinations for employees exposed to hazards. Implement job reassignments for employees with occupational contraindications and arrange off-duty rest periods for those exposed to hazards. Establish and improve "one file per person" health monitoring records.

Control of Occupational Disease Hazard Factors

Conduct standardized testing and current status evaluations of occupational disease hazard factors, and complete statutory reporting requirements.



Safety Empowerment Practices of Automation and Intelligent Technologies in Different Scenarios

To systematically drive the iteration of production safety from "human control" to "machine control" and "intelligent control", Shanghai Electric has deployed automation upgrade projects across multiple industrial groups, effectively reducing risks in high-risk operational stages:

- Mitsubishi Elevator — AGV intelligent logistics replacing manual handling: In the elevator manufacturing process, Mitsubishi Elevator introduced an Automated Guided Vehicle (AGV) logistics system equipped with laser SLAM navigation and 360° obstacle avoidance technology. Through precise human-vehicle separation design and machine-to-machine interaction mechanisms, the system has fully replaced the traditional manual handling of hazardous and heavy materials. It has achieved full-process automated transportation from warehousing to the production line, reducing safety risks such as collisions and heavy object injuries during the handling process.

- Electric Wind Power — Intelligent robotic arm assembly replacing high-risk manual operations: In the field of wind power equipment manufacturing, Shanghai Electric Wind Power applied an intelligent robotic arm assembly system based on vision-based positioning. This system can automatically complete the precise grasping, positioning, and assembly of large and heavy components, replacing the high-risk processes that previously required personnel to work under heavy components or at heights, thereby greatly improving the safety and consistency of the assembly process.

These initiatives have not only significantly reduced the risk of safety accidents in specific scenarios but also built a safety protection system covering the entire production process through intelligent perception, automatic control, and real-time monitoring. We are continuing to promote such experiences to more business scenarios, committing to realizing a systematic and intelligent transformation of the production safety model.

4. Occupational Health and Safety Training

Shanghai Electric consistently insists on deeply integrating Party building work with workplace safety. We include workplace safety in the important agenda of the Party Committee, and take General Secretary Xi Jinping's important discourses on workplace safety and relevant laws and regulations as the core content for the Party Committee's theoretical learning center group, prompting Party organizations at all levels to earnestly fulfill their safety responsibilities. On this basis, the Group comprehensively promotes the "SEC-LOVE" safety management model to build a safety management pattern featuring full participation and co-governance. We continuously conduct occupational health lectures and first-aid skills training extensively through online and offline training methods, effectively enhancing employees' health awareness and self-protection capabilities.

In 2025, the Group headquarters further increased its investment in safe production, reaching a total of RMB213.083 million. Throughout the year, we organized 5,006 safety training sessions covering 185,165 participants, achieving a 100% safety training coverage rate, which provided solid resource guarantees and capability support for the enterprise's safe production.



Firefighting for All, Life First — Shanghai Electric Fire Safety Month Events

During the "Fire Safety Month" in 2025, Shanghai Electric carried out a series of in-depth publicity and education activities centered on the theme of "Firefighting for All, Life First". We innovated safety education methods using digital means, such as launching the AI digital human "Fire Safety Xiao An" to explain fire extinguishing knowledge, producing a micro-movie on fire safety, and conducting online interactive quizzes, making safety knowledge more vivid, understandable, and closer to employees' daily lives. Concurrently, we combined theoretical training with practical experiences through formats such as organizing emergency drills, hazard identification games, and multilingual training, effectively enhancing employees' fire safety awareness and emergency evasion capabilities. The activities covered multiple scenarios of work and life, driving employees to shift from "passive acceptance" to "active participation", and building a smart and all-employee fire safety defense line for the high-quality development of the enterprise.



In terms of emergency and health management, the Group promoted the dynamic upgrading of emergency contingency plans and the enhancement of drill effectiveness. Throughout the year, over 900 practical drills were organized with nearly 38,000 participants. We also strengthened the notification of occupational hazard risks and on-site warnings, solidly reinforcing the safety defense line.

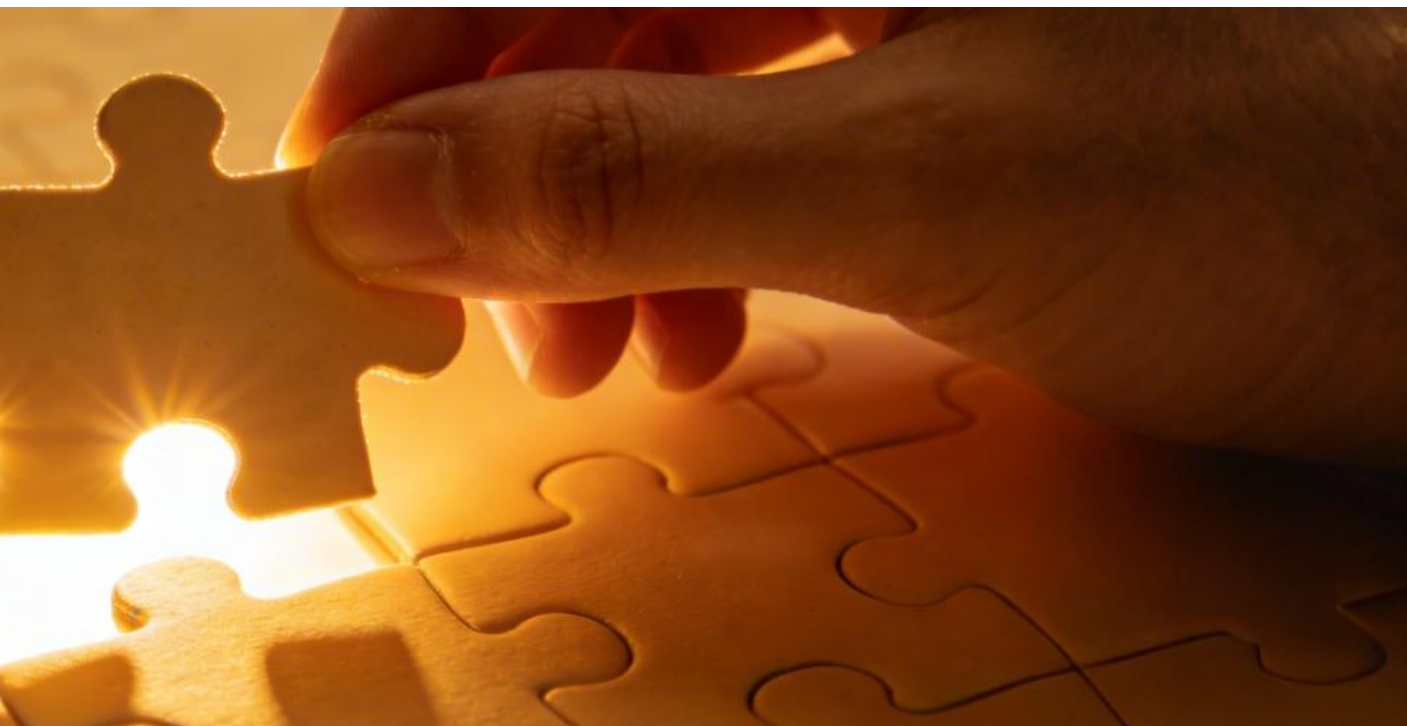


Shanghai Electric Emergency Drill Activities

In 2025, during the "workplace safety month", Shanghai Electric actively organized its subordinate enterprises to carry out various forms of emergency drills to enhance the safety prevention capabilities of the entire Group. The drill content covered scenarios such as fire protection, confined space operations, hazardous chemical leaks, flood control, and first aid. Through a combination of "theoretical training, practical drills, and practical operations assessment", employees' emergency response skills and collaborative operational capabilities were comprehensively improved.

- Shanghai Electric Environmental Protection Group relied on the "combining learning with practice" model and collaborated with the local emergency management bureau and fire rescue station to conduct comprehensive emergency drills. These covered aspects such as fire evacuation and confined space rescue, driving the transformation of safety management from "post-event handling" to "pre-event prevention".
- Power Transmission and Distribution Group focused on government-enterprise collaboration and jointly conducted fire evacuation drills and fire extinguishing practical operations with the local fire detachment. Through professional guidance and combat simulation, employees' emergency response capabilities were effectively enhanced.

This series of drills strongly verified the feasibility of the Group's emergency contingency plans, strengthened the collaborative response mechanism across all levels and units, and built a solid safety defense line for the Group to achieve high-quality development.





Green and Low-Carbon Development: Protecting Lucid Waters and Lush Mountains

The year 2025 marks a critical period for Shanghai Electric's ecological and environmental governance. We deeply implemented Xi Jinping Thought on Ecological Civilization, anchored the core goal of "Green Manufacturing", and strictly implemented the requirements of the Three-Year Action Plan for Building a Beautiful Shanghai (2024–2026). We comprehensively promoted the upgrading of the environmental management system and compliance governance, actively addressed climate change, improved the utilization efficiency of energy and resources, and strengthened biodiversity conservation. By solidly completing the final environmental protection tasks of the "14th Five-Year Plan", we took practical actions to protect lucid waters and lush mountains, striding towards a sustainable future of harmonious coexistence between humanity and nature.



Issues Addressed in this chapter:

Addressing Climate Change

Energy Utilization

Environmental Compliance Management

Waste Management

Pollutant Emissions

Circular Economy

Ecosystem and Biodiversity



Strengthening the Management System

Shanghai Electric strictly complies with the Environmental Protection Law of the People's Republic of China, the Law of People's Republic of China on Environmental Impact Assessment, the Cleaner Production Promotion Law of the People's Republic of China, and other laws and regulations in all global operating locations. We continuously deepen environmental compliance management, building a solid rule-of-law foundation for green development.

To systematically improve environmental management performance, the Group comprehensively promoted the standardized construction and continuous optimization of the environmental management system. The Company systematically advanced environmental management system certification and continued to deepen the construction of environmental management efficiency. As of the end of the Reporting Period, all key production enterprises of the Company have passed the ISO 14001 Environmental Management System certification, with the certification scope covering 100% of our operating locations. As of the end of the Reporting Period, there were no administrative penalties or lawsuits resulting from violations of environmental management-related laws and regulations. The number of major environmental pollution accidents was 0, the number of administrative penalties issued by competent environmental authorities was 0, and the compliance rate of pollutant emissions stood at 100%.



1. Implementation of Responsibilities

Shanghai Electric consistently insists on laying a solid foundation for sustainable development through the systematic implementation of responsibilities. We comprehensively implement the EHS all-staff responsibility system, explicitly designating the primary person-in-charge of the Group as the first responsible person, who fulfills the main leadership duties for the Group's overall EHS management.

Key Responsibilities

- 1 Comprehensively implement the requirements of relevant national laws and regulations
- 2 Integrate EHS into the entire process of corporate strategic decision-making and operation management
- 3 Continuously optimize resource allocation and system construction to ensure the compliance of personnel qualifications and the effective operation of the management system
- 4 Promote the integration of EHS requirements into the training, assessment, and cadre appointment systems, strengthening performance constraints and incentive mechanisms.
- 5 Regularly organize or participate in supervisory inspections, ensuring that the prevention and control of major risks and the governance of hidden dangers are thoroughly implemented.

In terms of the performance appraisal mechanism, we implement quantitative point deductions based on the occurrence of EHS accidents and the degree of their social impact. For major or more severe accidents, or incidents causing significant social impact, we implement point deductions or a "one-vote veto" policy.

To strengthen top-level design and overall coordination, the Group has specially established the Safety and Environmental Affairs Committee as the highest decision-making body, with the primary person-in-charge serving as the director and relevant functional departments participating jointly. It has set up an office to handle daily work. Through a regular meeting mechanism, the Committee centrally discusses and collaboratively resolves major issues and management difficulties in safety and environmental protection work, promoting the efficient convergence of decision-making and execution. Meanwhile, the Group and enterprises at all levels have established safety and environmental management departments in accordance with laws and regulations, scientifically allocated management resources, and clarified responsibilities at all levels. This has built a comprehensive, clearly defined, and smoothly operating Environment, Health and Safety (EHS) responsibility network, providing solid organizational assurance for continuously enhancing environmental governance efficiency and fulfilling green operational commitments.

Note: For key production enterprises, please refer to Appendix III List of Major Subsidiaries Involved in Environmental Data in this report.

Shanghai Electric continues to advance the deep implementation of the EHS all-employee responsibility system. By formulating letters of responsibility and lists of responsibilities, we clarify the EHS responsibility requirements and authorities for all levels and departments, integrating EHS into the entire process of daily business operations. Each year, in conjunction with strategic deployment, the Group prepares the Work Safety and Environmental Protection Responsibility Letter and sets annual safety and environmental protection management objectives. At the beginning of each year, the Group's primary leader signs the Occupational Health, Safety, and Environmental Protection Target Responsibility Letter with functional departments and the Party and government administration leaders of industrial groups, compacting responsibilities level by level to ensure that environmental protection targets are effectively implemented and continuously improved.

To ensure the effectiveness of environmental governance, the Group has established a dual-dimensional control mechanism of "performance + responsibility". We have formulated systems such as the Performance Evaluation and Assessment Methods for Safety Production and Environmental Protection and the Reward and Punishment Management for Safety Production and Environmental Protection. We incorporate safety and environmental protection targets and indicators into the scope of performance appraisal for the management of all units. Based on the severity of the incidents, we will hold the relevant responsible managers and units accountable for their performance and impose penalties, including financial fines and administrative sanctions.

2. Policies and Goals

Upholding the basic safety and environmental policy of "Lives are most important, enjoying safety, green manufacturing and creating a better future", we place environmental protection and safety management at the core of enterprise development. On this basis, the Group has built and continuously refined the "SEC-LOVE" safety and environmental management model. Using this as the foundational guide for the operation, optimization, and improvement of Shanghai Electric's EHS management system, we promote environmental management towards systematization, refinement, and long-term effectiveness, injecting solid momentum into realizing sustainable development.

"SEC-LOVE" Safety and Environmental Management Model

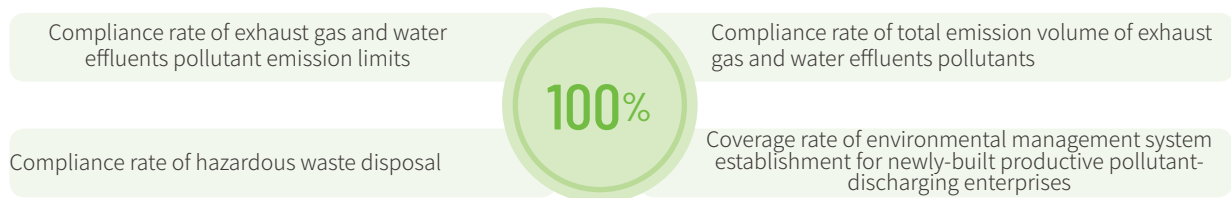


In 2025, Shanghai Electric systematically integrated the SEC-LOVE management model, work safety standardization, and international universal systems to formulate the EHS Management System Requirements. This clarified the safety and environmental protection culture guidelines and evaluation system, forming a scientific and systematic top-level framework for EHS management. Concurrently, we continuously drove the dynamic revision and optimization of environmental protection management systems. During the Reporting Period, the Group added 10 new systems, such as the EHS Risk Identification, Evaluation, and Control Management, and revised 23 systems, including the EHS All-Staff Responsibility System. Our affiliated industrial groups cumulatively upgraded and optimized 95 environmental protection systems, and facilitated 101 enterprises in completing the optimization and construction of environmental management systems, further consolidating the management foundation. In addition, Shanghai Electric compiled the Environmental Management White Paper and the Collection of Outstanding Environmental Management Cases during the 14th Five-Year Plan Period. These systematically present the Group's practical achievements and strategic directions in ecological environmental protection and green development, providing crucial support for the modernization of environmental governance.

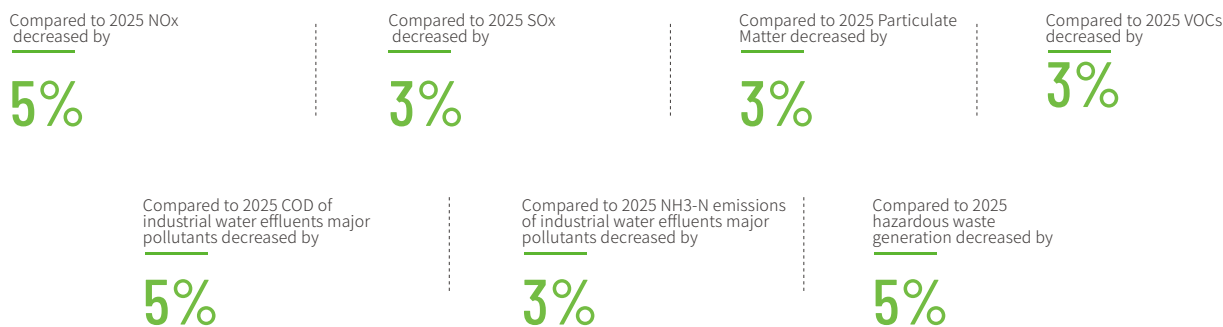
We are committed to building a full life cycle environmental management model featuring "source reduction, process control, end-of-pipe treatment, and circular utilization". Focusing on the dual enhancement of pollution treatment performance and resource recycling capabilities, we strictly implement improvements in environmental compliance and strengthen the refined control of exhaust gas, wastewater, and solid waste, laying a solid environmental foundation for the implementation of the "15th Five-Year Plan" ESG strategy.

During the Reporting Period, we set the environmental management targets for the "15th Five-Year Plan" period:

Basic Targets: Strictly defend the bottom line of environmental compliance.



Emission Reduction Targets: Focus on the continuous emission reduction of pollutants by the Group's subordinate key pollutant-discharging units. By 2030,



Resource Efficiency and Circular Economy Targets: Ensure the resource utilization rate of general industrial solid waste reaches over **95%**

3. Risk Prevention

To comprehensively enhance its risk prevention capabilities, Shanghai Electric has established a robust closed-loop management system covering risk identification, assessment, and control. By conducting comprehensive screenings and assessments of various safety hazards and environmental risks in production and operations, the Group has formulated targeted risk prevention and control measures. It has also constructed a "Group headquarters—industrial group—enterprise" three-level collaborative EHS (Environment, Health, and Safety) risk supervision network. This structure reflects the Company's firm commitment to safety and environmental responsibilities and provides a solid organizational guarantee for achieving sustainable, high-quality operations.

Shanghai Electric's Three-level Risk Control Structure



In terms of risk identification and assessment, Shanghai Electric has built a systematic mechanism covering the entire production and business process, focusing on improving the forward-looking and scientific nature of environmental and safety management. The Group requires all units to strictly follow the Control of Environmental Factor Identification and Risk Assessment. Every year, a systematic screening is conducted across the entire process, including design and development, procurement and sales, production and processing, storage and transportation, and services. This involves a comprehensive assessment of various EHS factors such as exhaust gas emissions, water effluents discharge, solid waste disposal, noise emissions, ionizing radiation, use of raw and auxiliary materials, rational utilization of resources and energy, and concerns of relevant parties. By scientifically determining risk levels and promptly communicating assessment results to personnel, the Group has achieved dynamic risk identification, graded early warnings, and contingency plan management, laying a solid foundation for subsequent precision prevention and control.

In terms of risk control, Shanghai Electric systematically promotes a dual prevention mechanism consisting of risk-graded control and hazard identification and rectification. By formulating and implementing the Standard for Assessment of Grade A Inherent Risks and the Criteria for Determining Major Accident Hazards, the Group has clarified the control requirements for major risks and the closed-loop management process for hazards. This drives enterprises to achieve precise risk identification and systematic hazard screening, strengthening accident prevention capabilities. In 2025, the Group focused on

key areas such as coating operations, hazardous waste, oil-bearing metal chips, dust-prone areas, Category I water effluents pollutants, pollution control facilities, and automatic monitoring systems. Through systematic hazard screenings, 334 hazards were identified with a rectification rate of 99.7%, forming a normalized positive cycle of "self-inspection, rectification, and verification."

In environmental emergency capacity building, based on completing the revision and filing of corporate emergency plans, Shanghai Electric organized 96 enterprises to conduct specialized practical emergency drills in 2025. It also encouraged 25 enterprises within industrial parks to establish environmental emergency linkage mechanisms, clarifying responsibility boundaries and collaborative response processes. Through regular drills and institutionalized collaboration, the Group continues to enhance its proactive prevention and coordinated handling capabilities for sudden environmental incidents, providing a firm guarantee for green and safe operations.

Meanwhile, we continue to increase investments in environmental protection technologies, equipment upgrades, and personnel training. During the Reporting Period, the total annual investment in environmental protection reached RMB112.3743 million, building a comprehensive defense line against environmental pollution. During the Reporting Period, the Group incurred no administrative penalties or litigation due to violations of environmental management laws and regulations, reflecting the effectiveness of the risk control mechanism and the Company's commitment to sustainable development.



4. Audit and Supervision

Guided by the "SEC-LOVE" safety and environmental management model, Shanghai Electric has constructed a comprehensive, multi-level supervision system. Through the organic combination of regular inspections and specialized checks, the Group has achieved full coverage of all subordinate units (including both production and non-production enterprises). This has effectively promoted the stable operation of environmental protection facilities and the closed-loop rectification of risks and hazards, further strengthening the compliance and transparency of corporate operations.

Simultaneously, relying on the ISO 14001 environmental management system framework, the Group has established a collaborative audit and supervision mechanism centered on internal audits, management reviews, and third-party external audits for certified production enterprises. Through the synergy of internal and external efforts, this mechanism ensures the continuous and effective operation of the system, building a solid supervisory foundation for the Group's sustainable development.

Supervision and Inspection

With the goal of full coverage of supervised enterprises and risk elements, we have systematically established a hierarchical supervision and vertical inspection mechanism consisting of 10 methods, including leadership-led inspections, routine inspections, special inspections, "four nos and two straights" ("Four nos and two straights" refers to a safety inspection system established by the State Administration of Work Safety: No advance notice, no reception, no report, no accompanied visit; straight to the grassroots, and straight to the site.) inspections, cross-inspections, "follow-up reviews" ("Follow-up review" is a key supervisory mechanism in policy execution, focusing on verifying problem rectification, building long-term mechanisms, and closed-loop management to ensure policies are fully implemented.) of rectifications, third-party on-site assessments, daily patrols, trade union supervision, and the "Woodpecker" initiative ("Woodpecker" initiative refers to special supervision actions aimed at meticulously and deeply identifying and rectifying ecological and environmental issues.) involving all employees. During the Reporting Period, the Group's headquarters achieved 100% vertical supervision, inspection, and coverage of production-oriented enterprises within Shanghai.

Special Inspection

We focus on the operational safety of key environmental protection facilities. By conducting specialized inspections to evaluate the implementation of EHS controls in enterprises, we assist them in improving facility operation management and effectively preventing related risks. During the Reporting Period, the Group Headquarters, Industrial Groups, and subordinate enterprises organized 2,261 EHS inspections, supervising 712 enterprises. The Group Headquarters engaged third parties to conduct 58 environmental inspections, driving corporate environmental governance toward greater refinement and standardization through normalized supervision.

Internal and External Audits

Shanghai Electric has established and improved a mechanism for reviewing the environmental management system, requiring all locations of operations to strictly follow environmental management system standards. Annual internal and external audits are conducted to systematically assess the completeness, compliance, suitability, and operational effectiveness of the system. In response to issues discovered during audits, the Group issues rectification procedures to urge relevant departments and personnel to complete closed-loop rectification within a specified time frame and includes key issues in the scope of subsequent supervision.

- Conduct internal audits of the environmental management system at least once a year for all production enterprises, ensuring coverage across all business lines and departments.
- Conduct environmental management system audits by external third-party agencies once a year, covering all production enterprises.

During the Reporting Period, all enterprises that have established environmental management systems completed their annual internal audits and management reviews as required and passed external audits by third-party certification bodies, ensuring the continuous and effective operation of the environmental management systems.

5. Cultural Construction

Shanghai Electric regards the construction of an environmental management culture as a vital pillar for promoting sustainable development. We have systematically built a comprehensive management ecosystem covering awareness enhancement, capacity building, and emergency response.

Regarding employee awareness cultivation, the Group focuses on deepening the EHS (Environment, Health, and Safety) awareness of all employees by creating an EHS course matrix to enhance the systematic and targeted nature of training. Meanwhile, in conjunction with World Environment Day and National Ecology Day, the Group organized the "Four Ones" series of activities—centered on "one specialized study session, one hazard screening, one rectification enhancement, and one responsibility implementation"—to encourage all employees to consciously fulfill environmental responsibilities, implement regulatory requirements, and reduce energy consumption and emissions during production and operations, practicing green development concepts through practical actions. During the Reporting Period, Shanghai Electric invested RMB4.0381 million in environmental protection training, covering 31,684 participants with a total training duration of 4,877 hours.

To strengthen grassroots environmental management capabilities, Shanghai Electric provided systematic EHS management enhancement support to 18 key-focus enterprises through a "point-to-point" precision assistance mechanism. Centering on key dimensions such as system construction, responsibility implementation, risk prevention and control, and site management, the Group conducted in-depth diagnoses of weak links, driving enterprises to consolidate their management foundations, improve governance efficiency, and build a solid frontline barrier for sustainable development.



Environmental Compliance Management

Shanghai Electric adheres to national laws and regulations as its benchmark, strictly following provisions such as the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Law of the People's Republic of China on the Prevention and Control of Water Pollution, and Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution. Based on these, It has formulated relevant management systems, including Environmental Monitoring Management, Cleaner Production and Cleaner Production Audit Management, and Solid Waste Management, establishing a legally compliant and systematically controllable foundational framework for environmental management.

In 2025, the Group fully integrated ESG environmental management concepts into its annual environmental protection requirements. We guided industrial groups and pollutant-discharging enterprises to systematically integrate their environmental management systems, promoting the organic fusion of daily environmental management measures with pollution control initiatives and the ESG framework. By establishing quantifiable environmental management goals and plans, and simultaneously strengthening intelligent control capabilities, we have continuously improved the efficiency of visual monitoring, electronic recording, and full-process traceability. This has systematically created a sustainable environmental governance system that links strategic planning, compliant operations, and intelligent collaboration.



1. Exhaust Gas Management

Shanghai Electric focuses on the pollutant reduction management of key pollutant-discharging units. We systematically promote source control and process substitution, and continuously carry out the upgrading and renovation of VOCs treatment to reduce emission intensity and fulfill our corporate environmental responsibilities.

Exhaust Gas Treatment Measures:

- ✓ Discharge exhaust gas at high altitudes after collection and treatment up to standard. Actively promote the application of ultra-low emission technologies to achieve ultra-low emission of exhaust gas.
- ✓ Install exhaust gas online monitoring equipment and adopt other measures to achieve real-time monitoring and management
- ✓ Retrofit some enterprises and workshops from unorganized to organized emissions through technological transformation.
- ✓ Reduce VOCs emissions through raw and auxiliary material source substitution and application of low - temperature distillation and concentration technologies.





High-Speed Steel Salt Bath Furnace Dust Hood Renovation Project

In the high-speed steel heat treatment process, salt bath furnaces continuously generate harmful mixed waste gases containing hydrogen chloride and metal dust. The original side suction hoods had low capture efficiency, causing workshop air pollution, equipment corrosion, and threats to employee health. To fundamentally resolve this issue, Shanghai Tool Works Co., Ltd. implemented a systematic renovation through technical innovation. A movable dust hood was added at the furnace mouth, forming a three-dimensional capture network with the original side suction hood, increasing capture efficiency to over 95%. Simultaneously, purification equipment and intelligent monitoring systems were upgraded. The project has achieved significant results: workshop air quality has been comprehensively improved, with pollutant concentrations meeting national standards; environmental risks and maintenance costs have been reduced; and the occupational health of employees is better protected. By utilizing a "technical upgrade + intelligent management" model, this project provides a replicable solution for waste gas treatment in traditional manufacturing, practicing the concept of green production.



Shanghai Electric Turbine Plant Wash Bay Retrofitting Project

To enhance the environmental governance efficiency of the high-pressure cleaning process prior to painting and address production capacity bottlenecks, Shanghai Electric Turbine Plant implemented an integrated clean production retrofit featuring "spatial reconfiguration, energy substitution, and end-of-pipe treatment". An innovative "mobile modular cleaning cabin" design was adopted, increasing cleaning capacity by 200% without requiring additional floor space. The daily throughput of cleaned work-pieces increased from 8 to 16 units, achieving doubled efficiency. By replacing diesel-powered equipment with clean energy sources, oil mist emissions were completely eliminated. A full-process management and control system covering "generation, collection, and treatment" was established, enabling efficient exhaust gas capture and 100% compliant emission. Following the retrofit, non-methane hydrocarbon (NMHC) emission concentrations have remained consistently below 5 mg/m³, with annual VOC emissions reduced by approximately 1.26 tons, simultaneously achieving the dual objectives of capacity expansion and pollution elimination.



Shanghai Electric Power Generation Group Hong Hai Bay Carbon Capture and Utilization Project

Shanghai Electric Power Generation Group ("Power Generation Group") undertook the EP (Engineering and Procurement) scope engineering design and the overall supply of carbon capture equipment for the flue gas carbon capture and application project at Hong Hai Bay Power Generation Company's coal-fired power plant. The project is designed with a carbon capture capacity of 3,000 tons per year, achieving a purity of no less than 99.9%, and can operate stably across a load range of 30% to 110%. The captured carbon dioxide will be used for micro-algae carbon fixation and as replacement gas for power generator displacement. This innovative model offers significant demonstration value and strong potential for replication.

The project not only further consolidates Power Generation Group's technological advantages and market competitiveness in the carbon capture, utilization and storage (CCUS) industrial chain, but will also support the low-carbon transition of the power sector in the Guangdong-Hong Kong-Macao Greater Bay Area, providing an important demonstration for regional high-quality green development, and promoting the steady advancement of China's CCUS industry toward large-scale, high-quality development.



2. Waste Management

To achieve sustainable development in waste management, Shanghai Electric systematically promotes source reduction and resource utilization of solid waste, strengthens tracking management of resource utilization at terminal treatment facilities, and actively explores high-value utilization pathways. These efforts drive the transition of solid waste management from a disposal-oriented approach toward resource value-added, enhancing the synergistic benefits between environmental governance and economic value.

We have set quantitative targets for 2030:



Compared to 2025 hazardous waste generation decreased by **5%**



the resource utilization rate of general industrial solid waste increased to over **95%**

We have set quantitative targets for 2030: reduce hazardous waste generation by 5% compared to the 2025 baseline, and increase the resource utilization rate of general industrial solid waste to over 95%. To this end, we systematically advance waste audits and performance evaluations, conducting comprehensive reviews of waste types, generation points, and disposal flows at our waste-generating subsidiaries on a regular basis to identify reduction opportunities and optimization pathways. During the Reporting Period, we facilitated 89 waste-generating enterprises in completing benchmarking against "waste-free" factory standards. Among them, Shanghai Electric Machine Tool Works Co., Ltd. has passed the "Waste-Free Factory" assessment of Yangpu District, Shanghai, setting an internal benchmark.

Waste Management Measures:

Source Prevention and Control:

Implement targeted measures such as process optimization, material substitution, clean and green technology application, and equipment upgrading and retrofitting, focusing on key production processes and core production materials that have a significant impact on pollution emissions. These efforts aim to reduce pollution generation risks at the source and achieve source-level green governance. Examples include:

- ✓ Reduce solid waste through measures such as upgrading and retrofitting treatment facilities and improving fuel combustion efficiency.
- ✓ Actively promote the substitution of hazardous waste products, e.g., using specialized cleaning fluids instead of gasoline and acetone to clean machine surfaces, thereby minimizing the generation of hazardous waste.

Process Management and Control:

Strengthen the enhancement of treatment facility efficiency and the development of intelligent early warning capabilities for waste emissions. Promote the efficient operation of environmental treatment equipment and facilities through standardized operation and maintenance management, precise optimization of operating parameters, and full-coverage monitoring of treatment efficiency. Examples include:

- ✓ Pilot the development and application of intelligent monitoring systems to provide comprehensive early warning and prevent risks of illegal solid waste dumping, leakage, and pollution diffusion.

End-of-Pipe Recycling and Reuse:

Implement tracking management of resource utilization at general industrial solid waste terminal treatment facilities. Pilot high-value utilization pathways and drive the transformation of solid waste disposal from a disposal-oriented approach toward a "resource value-added" product model. Examples include:

- ✓ Establish a Group-wide solid waste disposal sharing service platform to ensure that qualified environmental protection companies are entrusted for compliant waste treatment. General industrial solid waste that can be reused is recycled by enterprises, and the remainder is disposed of by third-party agencies.
- ✓ Conduct independent R&D of fly ash washing treatment technology to remove harmful substances from fly ash, making it usable as a construction material for garden path paving, etc., to achieve resource utilization.
- ✓ Develop policies such as the Management of Repurchased and Reused Motors Disposal and establish a system for the recycling and reuse of obsolete equipment. Professionally evaluate and remanufacture repairable equipment, and ensure compliant dismantling and material recovery for the remainder, promoting cascade utilization of resources.
- ✓ Focus research on the resource utilization of retired lithium batteries, discarded wind turbine blades, and retired photovoltaic modules, transforming waste energy products into production raw materials to achieve resource recycling.

Training:

Provide experience-sharing and training for employees to enhance their awareness and understanding of waste reduction, thereby minimizing waste generation to the greatest extent possible.

**Hengxi Photovoltaic Sludge Minimization and Energy-Saving Self-Developed Technology Retrofitting Project**

The water effluents treatment station at the plant site of Shanghai Electric Group Hengxi Photovoltaic Technology (Nantong) Co., Ltd. has faced inherent technical bottlenecks associated with conventional calcium-based precipitation processes in treating fluoride-containing water effluents. These challenges primarily include excessive chemical dosing, persistently high sludge generation rates, and continuously escalating operating costs. To implement the clean production concept, Hengxi Photovoltaic focused on enhancing the energy efficiency and minimizing sludge generation of its fluoride-containing water effluents treatment system. By integrating "magnetic coagulation enhancement technology" with an "intelligent chemical dosing system", the project significantly reduced the consumption of quicklime and calcium chloride while ensuring stable compliance of effluent fluoride ion concentrations (below 1 mg/L), thereby lowering sludge production. Core retrofit measures include magnetic powder pre-treatment and cleaning, upgrading the dynamic chemical dosing system, optimizing the sludge recirculation ratio, and fine-tuning the two-stage fluoride removal process, resulting in a comprehensive process optimization solution. Following the retrofit, average monthly quicklime consumption decreased from 24.17 tons to 5 tons, sludge generation was reduced by 30%, and annual operating costs were lowered by over RMB500,000. Additionally, the project reduces limestone usage by 230 tons per year and cuts CO₂ emissions by 12.8 tons per year.

**Source-Level Technological Retrofitting Driving Hazardous Waste Reduction**

To systematically reduce hazardous waste generation, Shanghai Electric has focused on production process sources and promoted the minimization of key process media including cutting fluids, emulsions, and cleaning fluids across multiple subsidiaries. Specific measures include: at the Generator Plant of Shanghai Electric Power Generation Equipment Co., Ltd., installing coolant oil separation and purification equipment to extend the service life of emulsions; at Shanghai Mitsubishi Elevator Co., Ltd., achieving cleaning fluid recycling through technological retrofitting of the pre-treatment production line; at Shanghai Electric Power Station Auxiliary Plant of Shanghai Electric Power Generation Equipment Co., Ltd., installing cutting fluid oil removal and purification facilities; and at First Machine Tool Works, establishing a centralized fluid supply system while strengthening cleaning wastewater control. According to estimates, the five technological retrofitting measures together achieve an annual reduction in hazardous waste generation of approximately 195.32 tons, demonstrating the significant effectiveness of process optimization in clean production and source-level hazardous waste control.

**Coolant Reduction Project at the Generator Plant of Shanghai Electric Power Generation Equipment Co., Ltd.**

At the Generator Plant of Shanghai Electric Power Generation Equipment Co., Ltd., coolant oil separation and purification equipment was installed on equipment including the rotor slot milling machine (Model 9713) and the 20-meter CNC lathe. This equipment filters out oil from the coolant, thereby improving coolant purity and performance. It not only effectively reduces oil mist issues during machining processes using coolant, significantly improving the operator's working environment, but also extends coolant service life and reduces replacement frequency due to enhanced coolant cleanliness, resulting in corresponding cost savings. Depending on the application scenario, the service life is extended by approximately six months, reducing waste emulsion generation by 16.82 tons per year.



Hazardous Waste Intelligent Management and Control Practices

In 2025, Shanghai Electric upgraded its hazardous waste intelligent management and control system to enhance management efficiency. We facilitated 108 waste-generating enterprises within and outside Shanghai in completing the application of hazardous waste label QR codes, significantly improving the Group's electronic recording and full-process traceability capabilities for hazardous waste. Meanwhile, we piloted hazardous waste risk management and control functions. As of the end of the Reporting Period, three enterprises under Power Generation Group had achieved localized monitoring of hazardous waste storage areas, and four enterprises under Shanghai Electric Wind Power had achieved visual monitoring of hazardous waste storage sites through the EHS management platform.

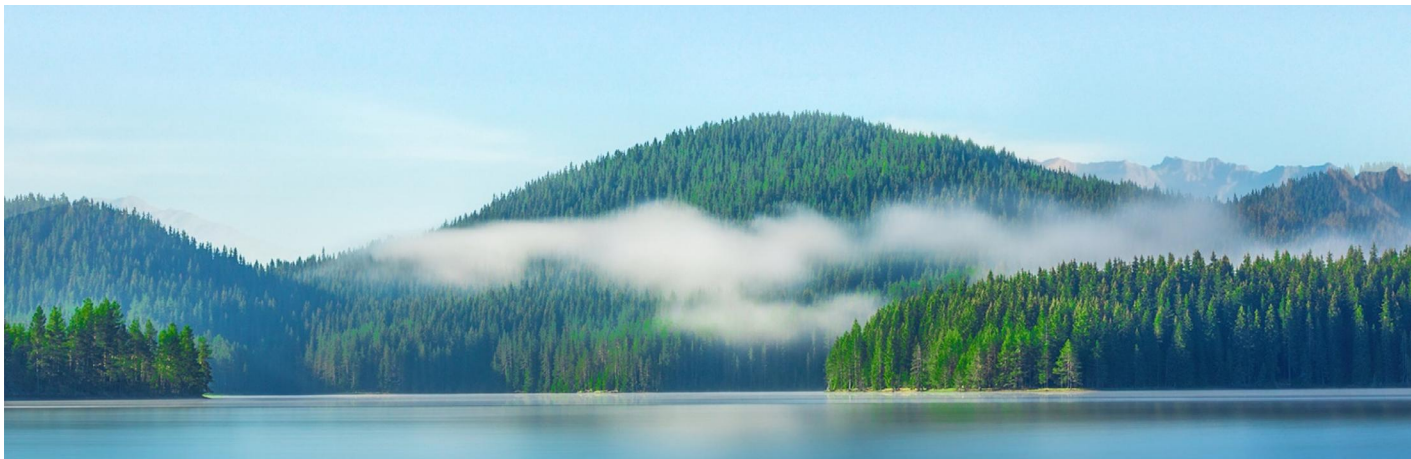


General Industrial Solid Waste Resource Recovery Practice at Shanghai Electric Machinery

During the Reporting Period, Shanghai Electric Machinery focused on general industrial solid waste generated from industrial production and established a targeted resource recovery mechanism. By implementing professional segregated collection and standardized transportation of solid waste such as metal off-cuts, the facility delivers the waste to qualified professional processing plants for recycling and secondary smelting. This approach not only achieves closed-loop utilization of in-plant scrap resources, avoiding the environmental impact associated with traditional landfilling, but also contributes to carbon emission reduction in upstream raw material production by facilitating the return of recycled metal materials to the industrial chain.

Circular Economy

Shanghai Electric actively practices the concept of green development, and regards the circular economy as an important path to achieving sustainable development. Through technological innovation and process optimization, we promote efficient resource utilization and waste reduction, and build a life cycle green management system from design, production, to recycling. We incorporate eco-design concepts into product R&D to enhance equipment energy efficiency and recyclability; advance clean production in production processes to reduce energy consumption and emissions; and seize the strategic opportunities presented by the national large-scale equipment renewal initiative to vigorously develop the circular economy around waste and old equipment, accelerating the R&D, manufacturing and industrialization of lithium battery recycling equipment and wind-solar recycling equipment. In addition, the Group has steadily developed the biomass energy industry through projects such as municipal solid waste power generation, agricultural and livestock waste power generation, biogas power generation, and the production of bio-organic fertilizer from biogas residues, to achieve an overall closed-loop for the resource utilization of agricultural waste.





Lingdong Revitalization Service: Revitalizing Elevator Life

"Lingdong Revitalization" is a one-stop elevator revitalization service tailored by Shanghai Mitsubishi Elevator for aging elevators, representing a vivid practice of the circular economy concept in the vertical transportation sector. Targeting issues such as system aging, frequent failures, maintenance difficulties, prolonged shutdowns, high energy consumption, and non-compliance with regulations, it adopts a "phased revitalization + retention of usable components" model. By precisely matching new systems with existing components such as motors and door operators, it extends equipment service life, reduces owners' replacement costs, and promotes the transformation of the elevator industry from a "manufacturing-disposal" model toward a "service-regeneration" green model, providing a sustainable solution for urban stock renewal.

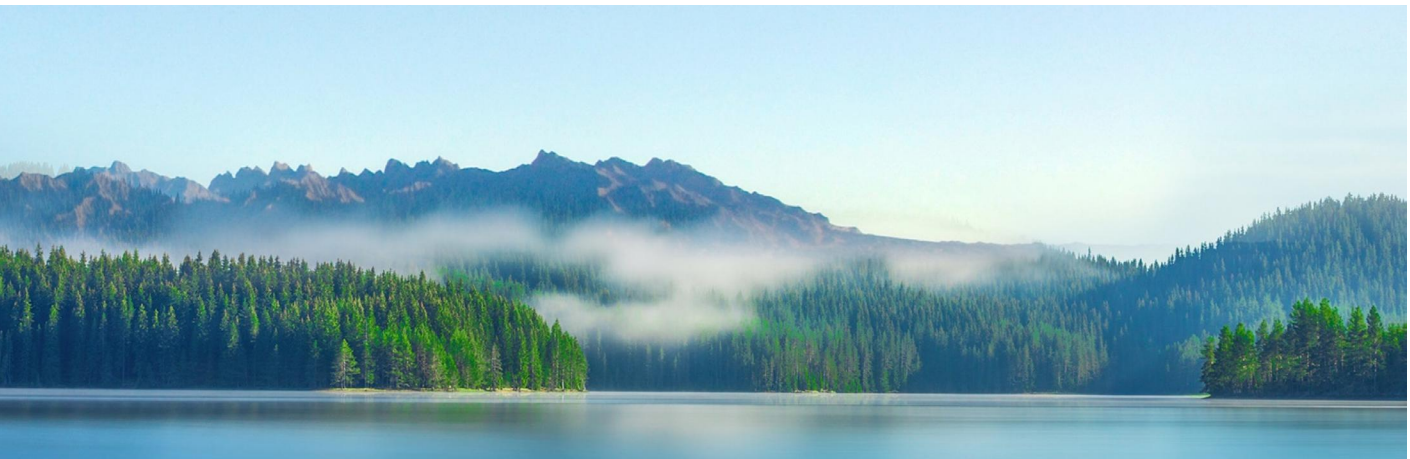


Lingdong One-stop Elevator Revitalization Service



Shanghai Electric Wind Power Group Establishes Spare Parts Remanufacturing Center to Empower Wind Turbine Recycling

Shanghai Electric Wind Power Group (Electric Wind Power Group) is actively advancing its wind turbine recycling system. By establishing a spare parts remanufacturing center in Rudong, Jiangsu Province, it has created a circular economy platform that integrates inspection, repair and remanufacturing. Guided by the "Renew Energy" brand, the center focuses on the professional remanufacturing and recycling of seven core components, including main shafts, gearboxes and generators, providing customers with high-quality, convenient spare parts and large-component recycling solutions. In 2025, the spare parts remanufacturing center of Shanghai Electric Wind Power (Rudong) Co., Ltd. successfully repaired and remanufactured 145 damaged components, contributing approximately RMB12.368 million in cumulative cost savings, while improving resource efficiency and effectively reducing waste generation. On this basis, Electric Wind Power Group continues to advance the construction of the Dandong spare parts remanufacturing center, further optimizing its regional remanufacturing layout and providing systematic support for green operation, maintenance and circular development in the wind power industry.





3. Water Resource and Water Effluents Management

Shanghai Electric has a relatively low level of dependence on water resources for its production and operations. Nevertheless, the Group attaches great importance to water resource protection and water effluents discharge control, regarding water conservation and sustainable utilization as key links in achieving green operations and ecological harmony. We strictly comply with relevant laws and regulations, including the Water Law of the People's Republic of China, and have fully integrated water resource management into our sustainable development goals framework. We have formulated medium- to long-term water conservation plans and phased targets, actively encouraging industrial groups and subsidiaries to improve their water resource management. Through closed-loop measures such as monthly regular inspections of water equipment and facilities, water consumption data analysis, and performance evaluation, we continuously optimize water usage processes and tap water-saving potential. These practical actions enhance water resource utilization efficiency and contribute to ecological civilization construction and high-quality corporate development.

In terms of wastewater treatment, guided by the goal of promoting sustainable utilization of industrial water resources, Shanghai Electric has set clear emission reduction targets: By 2030, total chemical oxygen demand (COD) and ammonia nitrogen emissions are to decrease by 5% and 3% respectively compared to 2025 levels.



By 2030 chemical oxygen demand decrease by **5%**



By 2030 total ammonia nitrogen emissions decrease by **3%**

To achieve these targets, the Group is actively implementing comprehensive measures including production process optimization, systematic water balance control, and upgrading of wastewater treatment technologies. These efforts continuously drive the synergistic reduction of both wastewater generation and pollutant load, fulfilling the Group's commitment to green operations and environmental responsibility.

Water Conservation Management Measures:

- ✓ The Group conducts overall planning and management, with designated personnel responsible for water conservation management in major industrial sectors and key enterprises.
- ✓ A statistical reporting system for water conservation has been established to continuously strengthen the statistics, analysis, and assessment of water consumption.
- ✓ A mechanism for pure water use applications has been formulated to implement quantitative use of pure water and eliminate waste.
- ✓ Water recycling and reuse projects continue to be carried out in key water-consuming enterprises, and the reclaimed water recovery system has been strengthened to improve water resource utilization efficiency. In 2025, the volume of reclaimed water reused reached 1,306,600 tons.
- ✓ We master the core technologies of thermal distillation (MED) and membrane reverse osmosis (RO), focusing on seawater desalination, reclaimed water reuse, and industrial wastewater treatment, providing strong support for addressing water scarcity issues.
- ✓ We develop, promote, and apply new water conservation technologies and processes, and disseminate water conservation knowledge through multiple channels, continuously improving water use efficiency.

Water Effluents Treatment Measures:

- ✓ Discharge the wastewater after treatment to meet discharge standards.
- ✓ Establish an online wastewater discharge monitoring system to enable real-time early warning.
- ✓ Adopt advanced wastewater treatment technologies to reduce the concentration of wastewater pollutants.
- ✓ Promote the water balance assessment work to identify the sources and compositions of wastewater discharge, enabling targeted measures to reduce pollutant discharge.



Water Audit Conducted by SHMP Casting & Forging

Shanghai Electric SHMP Casting & Forging Co., Ltd. (SHMP Casting & Forging) strictly complies with Shanghai's water consumption quota management requirements and continuously strengthens its internal refined water resource management. In 2025, to identify the current status of water usage and develop water-saving solutions, SHMP Casting & Forging commissioned a third-party organization to conduct a systematic survey of water usage areas across the plant, including production zones, offices, canteens, and bathrooms, and produced the Water Audit Report. Based on legal and regulatory requirements, the report comprehensively assesses the enterprise's water usage status, scientifically analyzes the water consumption structure, and puts forward targeted water-saving recommendations. Through the water audit, SHMP Casting & Forging has achieved closed-loop water-saving management from data monitoring to solution implementation, effectively enhancing water use efficiency and providing a replicable practice case for industrial water conservation.

At the same time, SHMP Casting & Forging actively promotes water-saving awareness and training. Through bulletin boards, internal meetings, and other channels, the company guides employees to develop water conservation awareness and fulfill their water-saving responsibilities.





Shanghai Electric Machinery's Multi-Path Approach to Advancing Refined Water Resource Management

In line with its strategic goal of "pollution and carbon reduction", Shanghai Electric Machinery has implemented systematic and innovative water-saving management measures, significantly improving water use efficiency and water-saving management level.

Water-Saving Target Responsibility System: Incorporate water-saving performance into departmental assessments, strengthen routine inspections and leakage control, implement quota-based assessment for production and domestic water consumption units, and set a per capita water usage cap.

Water Balance Testing: Conduct water balance testing every three years to accurately identify and repair pipeline leaks and address water efficiency issues.

Smart Water Platform Development: Enable real-time monitoring and intelligent analysis of water consumption data, driving the transformation of water-saving management from manual statistics to digital and precision-based approaches. In 2025, the Company strengthened quota-based monitoring of high water-consumption areas such as cooling towers and dormitories, reducing the overall leakage rate to below 5%.

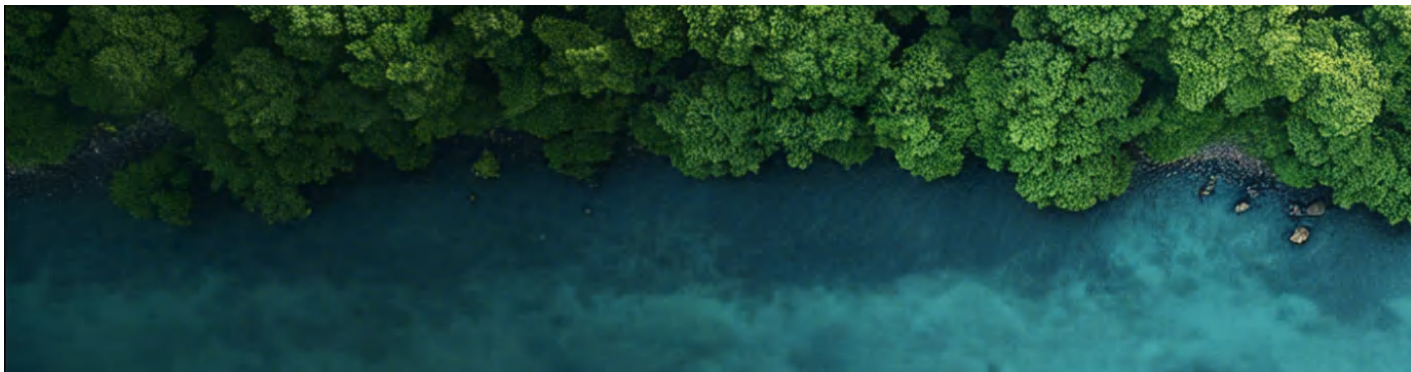
Water-Saving Technology Retrofitting: Continuously upgrade water-saving technologies, including replacing 70 tertiary smart water meters with Grade 1 and Grade 2 water efficiency fixtures; strengthening cooling tower management through regular monitoring of drift rate and cycles of concentration, with the target of increasing the indirect cooling water circulation rate to over 99%; actively exploring rainwater harvesting and wastewater reuse technologies, with pilot projects in gardens and nursery areas; and optimizing circulation systems through closed-loop operation and enhancing steam condensate recovery, striving to achieve an overall system circulation rate of 98%.

Company-Wide Water-Saving Culture Building: Conduct annual Water Conservation Awareness Week activities, organize training sessions and knowledge contests covering all departments, post water-saving labels at water use points, and promote the habit of "turning off the tap when not in use."



Shanghai No.1 Machine Tool Works Floor Cleaning Water Purification Unit Project

In response to the requirements for green production and resource recycling, and to address the increasing environmental pressure from floor cleaning wastewater generated in the machining workshop, Shanghai No.1 Machine Tool Works introduced a low-temperature evaporation treatment system for the reduction and recycling of floor cleaning wastewater. Through low-temperature evaporation technology, the system concentrates 8 to 10 tons of floor cleaning wastewater per month into just 0.8 tons, achieving a 90% annual wastewater reduction. Along with this significant wastewater reduction, the project saves over RMB260,000 per year in outsourced waste liquid treatment costs and reduces CO₂ emissions by 17.8 tons, demonstrating the synergistic improvement of clean production alongside economic and environmental benefits.



Climate Change Response

As global climate action accelerates and China's "Dual Carbon" goals advance further, climate change has become a key systemic issue affecting the sustainable development of the economy and society. Shanghai Electric deeply recognizes that climate governance is not only about fulfilling environmental responsibilities, but is also closely linked to the transformation of the energy mix, industrial innovation and upgrading, and the building of long-term resilience. As a world-leading provider of high-end equipment manufacturing and energy solutions, the Group has integrated climate change response into its core strategic agenda, actively pursuing the national carbon neutrality vision, and is committed to promoting the decarbonization of the energy system, low-carbon industrial operations, and the maximization of social benefits through technological innovation, business synergies, and global cooperation.



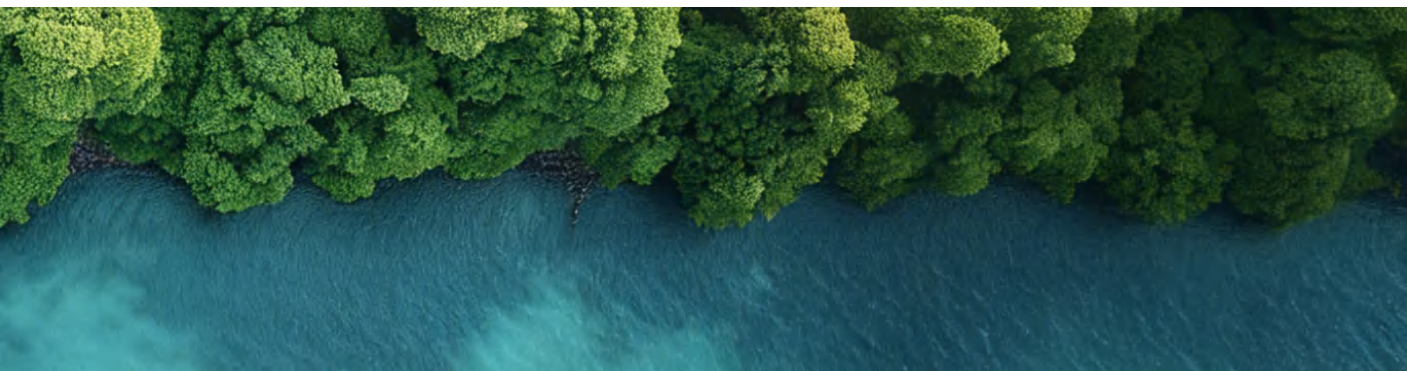
1. Governance

Shanghai Electric continues to optimize its climate change governance system, improving the climate governance structure consisting of the Board of Directors, ESG Management Committee, and ESG working group. Climate change issues are systematically integrated into strategic assessment and routine review processes, ensuring efficient coordination between decision-making and implementation, and effectively advancing the achievement of overall climate targets. For detailed governance responsibilities, please refer to the "Sustainability Management" section.

As the highest governing body responsible for climate change governance, the Board of Directors oversees the target setting, strategy execution, and progress toward achieving goals related to climate-related impacts, risks, and opportunities. In making major transaction decisions, implementing risk management procedures, and formulating relevant policies, the Board fully incorporates considerations of climate-related risks and opportunities, coordinating all climate governance efforts. Several Board members have backgrounds in the new energy industry, enabling them to effectively identify and manage climate-related risks and opportunities based on their professional expertise. The Board also continuously monitors and stays abreast of domestic and international climate policies and regulatory developments, providing professional insights to support the Board in fulfilling its climate-related responsibilities.

The ESG Management Committee holds a dedicated meeting at least once a year to systematically assess the Group's management performance on ESG issues, including climate change, and to formulate decision-making guidelines and action plans. The Committee also reports annually to the Board of Directors on climate-related progress, ensuring the effective implementation of the Group's ESG strategy.

In 2025, Shanghai Electric further established and enhanced its dual-carbon work management system. The Company formally established the "Dual-Carbon Leading Group", responsible for approving dual-carbon strategies, plans, and programs, coordinating cross-departmental and industrial group emission reduction efforts, and overseeing implementation progress. At the same time, a "Dual-Carbon Working Group" was established, within which the Economic Operations Department serves as the "Dual-Carbon Office", undertaking responsibilities including policy research, government liaison, formulation of annual emission reduction targets, day-to-day emission reduction supervision, and organizing carbon management meetings. In the same year, we officially released the Shanghai Electric Group Dual-Carbon Implementation Plan, and concurrently formulated a carbon peak task list, ushering the Company's dual-carbon work into a new phase of systematic and list-based management.



2. Management of Impacts, Risks and Opportunities

Climate-Related Risk and Opportunity Management Process

Shanghai Electric follows international standards including IFRS S2 Climate-related Disclosures to establish a systematic management process for climate-related risks and opportunities covering the full cycle of identification, assessment, prioritization, and management. Climate-related risks are integrated into the Group's existing risk management mechanism, with the aim of enhancing the Group's business resilience in the context of climate change, actively exploring potential value from the low-carbon transition, ensuring that climate factors are fully considered in strategic formulation and daily operations, and promoting the synergistic advancement of sustainable development and climate adaptation capabilities.

Shanghai Electric's Climate Risk Management Process

RISK IDENTIFICATION

- Focus on climate-related laws, regulations, and policies, benchmark against international and domestic excellent practices in climate information disclosure, and take into account the Group's business characteristics to identify key climate risks and opportunities.

RISK MANAGEMENT

- Conduct on-site interviews and questionnaire surveys with key functional departments, and use expert judgment and other methods to analyze, measure, and assess the current and expected impact of climate-related risks and opportunities on the Group's business model and value chain from three dimensions: time frame, likelihood of occurrence, and impact level.

RISK PRIORITIZATION

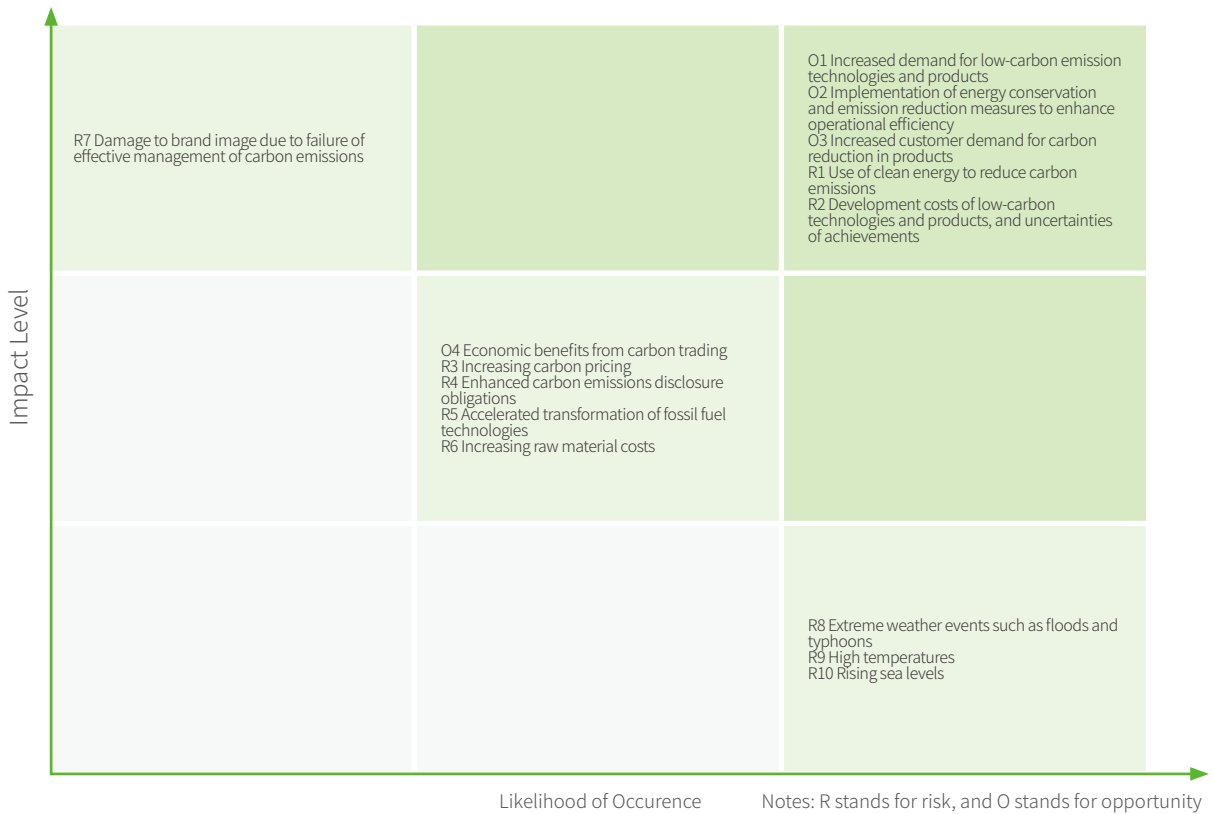
- Prioritize the identified key climate risks and opportunities, determine risk levels, reveal the likelihood and impact of risks, and form a list of climate risk assessment results, distinguishing among major risks, important risks, and general risks.

RISK MANAGEMENT

- Weigh risks against benefits, select appropriate risk response strategies, and develop plans based on the list of climate risk assessment results, and taking into account the risk tolerance.
- Continuously conduct daily monitoring and early warning of climate risks, and do a good job in risk prevention and resolution

In 2024, we identified three physical risks, seven transition risks, and four opportunities. Taking into account the external environment, industry trends, and Shanghai Electric's own business characteristics, we systematically assessed and prioritized the significance of each climate-related risk and opportunity through functional department interviews, questionnaire surveys, and expert assessments, considering three dimensions: time horizon, likelihood of occurrence, and magnitude of impact. As a result, we identified two significant risks and three significant opportunities, and constructed a climate risk and opportunity materiality matrix. In 2025, we reviewed the results of the climate risk and opportunity materiality assessment and confirmed that they remain applicable.

Shanghai Electric's Climate-related Risks and Opportunities Importance Matrix



3.Strategy

Key Climate-related Risks and Opportunities

No.	Description of Risk/ Opportunity	Category	Impact on Business Model/Value Chain
R1	Increased customer demand for carbon reduction	Market risk	Global market demand for products is changing due to climate change responses; the products with high energy consumption and high carbon emissions may not meet customer expectations, leading to reduced sales or even elimination in the market. More and more customers require enterprises to provide carbon footprint data for products and high-efficiency products, which will become a key factor in selecting partners.
R2	Increased development costs of low-carbon technologies and products, and uncertainties of achievements	Technical risk	Development of low-carbon technologies and products typically requires substantial R&D funding, special equipment and materials, resulting in high costs before these technologies and products are applied on a large scale. Meanwhile, low-carbon technologies and products still in the R&D or demonstration phase would face uncertainties regarding practical applications.
O1	Increased demand for low carbon emission technologies and products	Product and service opportunity/ Adaptation	There is a significant increase in customer demand for low-carbon emission technologies and products, such as the growing demand for renewable energy technologies like solar, wind, energy storage, and hydrogen energy, as well as the growing demand for digital systems to mitigate climate change.
O2	Implementation of energy conservation and emission reduction measures to enhance operational efficiency	Resource efficiency	Significantly enhance our operational efficiency through equipment retrofitting and upgrading, smart energy management systems, recycling waste heat, wastewater, and waste materials, and conducting employee awareness education.
O3	Use of clean energy to reduce carbon emissions	Energy source	Expand the use of clean energy to reduce carbon emissions from emission control enterprises operations and potential carbon expenditures in production.

*Notes:

- 1.The time horizons over which climate-related risks and opportunities may have an impact include the short term (0-1 year), medium term (2-5 years), and long term (6+ years). The determination of these time horizons is aligned with the Group's 15th Five-Year Plan strategic planning cycle, ensuring that risk responses across different periods are coordinated with strategic objectives.
- 2.During the Reporting Period, the expected financial impacts of climate-related risks and opportunities were subject to uncertainty at the current stage of measurement. Therefore, the "financial impact concession" approach was adopted to disclose the relevant financial impacts on a qualitative basis.
- 3.During the Reporting Period, Shanghai Electric has not implemented an internal carbon price and has not yet incorporated climate-related considerations into its compensation policies.

Time Frame

Expected Financial Impacts

Climate Action Pathways

Medium-term
Long-term

- Increased operating costs from the production of low-carbon products
- Increased R&D expenses from the development of low-carbon products

- Development of green and low-carbon technologies
- Optimization of green and low-carbon industries
- Advancement of product carbon footprint accounting system development
- Promotion of green and low-carbon supply chain development

Medium-term
Long-term

- Increased R&D costs from the development of low-carbon technologies and products

- Development of green and low-carbon technologies
- Optimization of green and low-carbon industries
- Advancement of product carbon footprint accounting system development

Short-term
Medium-term
Long-term

- Increased operating revenue from new business lines
- Reduced production costs from scaled-up manufacturing

- Development of green and low-carbon technologies
- Optimization of green and low-carbon industries
- Advancement of product carbon footprint accounting system development
- Promotion of green and low-carbon supply chain development

Short-term
Medium-term
Long-term

- Reduced operating costs from improved energy efficiency

- In-depth enhancement of energy efficiency, continuous implementation of energy-saving retrofits
- Adjustment of energy consumption structure
- Implementation of resource recycling
- Creation of green and low-carbon demonstration enterprises
- Digital empowerment of energy and carbon management

Short-term
Medium-term
Long-term

- Reduced operating costs from the use of clean energy to reduce carbon emissions

- Development of green and low-carbon technologies
- Optimization of green and low-carbon industries
- Adjustment of energy consumption structure

Climate Action Plan

In 2023, we issued the *Shanghai Electric Group "Dual Carbon Goals" Action Plan*, clarifying the strategic goals of "carbon peaking and carbon neutrality," demonstrating the Group's firm resolve and forward-looking vision in addressing climate change. In 2025, building on the action plan, we further deepened and refined our efforts, formulating and releasing the Shanghai Electric Group Dual-Carbon Implementation Plan. This plan provides an action framework for the Group's green and low-carbon development, supports the optimization of its energy structure and industrial transformation and upgrading, and contributes systematic solutions and innovative impetus from the high-end equipment manufacturing sector to the achievement of the "Dual Carbon" goals.

Action Pathways of "Shanghai Electric Group Dual-Carbon Implementation Plan"

Climate Action Pathways	Specific Contents
(I) Green and Low-Carbon Technology Development	<ul style="list-style-type: none"> • Continue to advance the development of green and low-carbon technologies in areas such as wind power, nuclear power, photovoltaics (PV), energy storage, hydrogen energy, green methanol, and carbon capture. Develop a Group-wide catalogue of green and low-carbon technologies, products, and solutions, and promote their application in the transformation of the energy structure to empower society-wide energy conservation and carbon reduction. • Increase R&D efforts in forward-looking technologies and explore emerging clean energy technologies to build a technology reserve for future green and low-carbon development.
(II) Green and Low-Carbon Industrial Optimization	<ul style="list-style-type: none"> • Promote the construction and optimization of high-efficiency and clean coal-fired power units, actively foster the development of green emerging industries such as nuclear power, wind power, PV, and energy storage, and drive the transformation and upgrading of the industrial structure toward a greener and lower-carbon direction. • In the process, strictly manage project approval procedures to ensure that the energy efficiency and carbon emission levels of new capacity additions meet industry-leading standards.
(III) In-Depth Enhancement of Energy Efficiency and Continuous Implementation of Energy-Saving Retrofits	<ul style="list-style-type: none"> • Organize enterprises with annual comprehensive energy consumption of over 2,000 tons of standard coal equivalent (tce) (hereinafter referred to as "designated enterprises") to carry out a "Campaign to Eliminate Outdated Capacity," achieving the complete phase-out of high-energy-consumption and outdated mechanical and electrical equipment, products, and processes by the end of 2025. • Promote designated enterprises to conduct a benchmarking campaign for energy efficiency of equipment such as motors with a single-unit power rating of 22 kW or above. Based on the benchmarking assessment, clarify equipment replacement and retrofit plans, and implement process upgrades and equipment performance improvement retrofits. • During the 15th Five-Year Plan period, coordinate energy audits and energy-saving diagnosis campaigns for key energy-consuming enterprises. Fully identify the energy-saving retrofit potential of energy-consuming units, require enterprises to develop annual energy-saving retrofit plans, and track and supervise implementation progress, thereby effectively enhancing enterprise energy efficiency and reducing carbon emission intensity.

(IV) Adjustment of Energy Consumption Structure

- In the construction and upgrading of industrial buildings, fully consider the feasibility of installing various types of PV systems.
- Through policy guidance and market mechanisms, encourage enterprises to actively procure green electricity and apply for corresponding green electricity certificates. Formulate differentiated application strategies for green electricity and green certificates based on the energy consumption characteristics of each enterprise.

(V) Resource Recycling

- Encourage enterprises to carry out recycling and reuse of various materials, achieving multi-dimensional carbon reduction through different levels of utilization such as material regeneration, second-hand goods trading, and remanufacturing.

(VI) Creation of Green and Low-Carbon Demonstration Enterprises

- Designated enterprises shall establish energy management systems and pursue energy system certification to ensure standardized and efficient energy management. Implement the "Four Green" initiative under green manufacturing, covering the comprehensive greening of factories, products, parks, and supply chains. Commit to the construction of "zero-carbon factories", achieving carbon neutrality goals for demonstration factory operations through energy planning and intelligent control. Operate carbon management systems, including establishing a low-carbon mindset, building management systems, calculating carbon footprints, formulating emission reduction measures, monitoring and reporting carbon emissions, strengthening supply chain management, and participating in carbon trading, thereby comprehensively driving enterprise low-carbon transformation and sustainable development.

(VII) Digital Empowerment of Energy and Carbon Management

- Encourage and support enterprises to build their own energy management centers. By integrating cutting-edge technologies such as the Internet of Things (IoT), cloud computing, and big data analytics, achieve real-time monitoring, optimization, and control of energy use, effectively advancing energy conservation and carbon reduction targets.

(VIII) Advancement of Product Carbon Footprint Accounting System Development

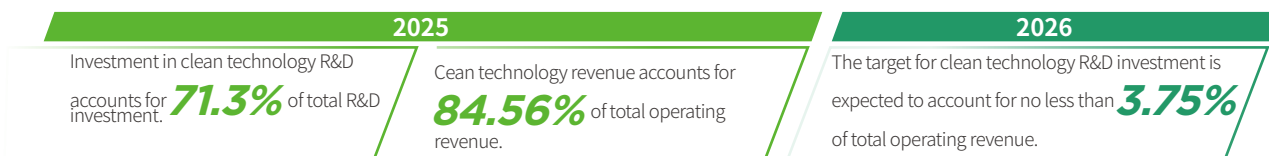
- Based on market demand, environmental impact, corporate strategic planning, and other factors, select and promote carbon footprint accounting and certification for key products.
- Organize industry experts, scholars, and enterprise representatives to jointly develop carbon footprint accounting standards applicable to typical products, thereby enhancing the green competitiveness of products.

(IX) Promotion of Green and Low-Carbon Supply Chain Development

- Empower the green and low-carbon development of the supply chain by providing suppliers with green and low-carbon development methodologies, talent, systems, and digital solutions.
- Revise and improve the Group's procurement management and supplier management policies, explicitly incorporating green and low-carbon performance as a key consideration in supplier admission criteria, procurement decision-making, and supplier evaluation systems.
- Promote a data-driven supply chain management model, using product carbon footprints and organizational carbon emission reports as core tools to drive supply chain enterprises to conduct comprehensive and accurate carbon emission accounting.
- Carry out green and low-carbon supply chain demonstration projects. Demonstration enterprises, leveraging advanced experience in smart supply chain construction, shall deeply implement green and low-carbon supply chain management strategies, summarize and form replicable and scalable models and practices, and encourage more enterprises to participate in green supply chain development.

Financial Impact

Shanghai Electric's business covers three major segments: energy equipment, industrial equipment, and integration services, committed to providing green and intelligent industrial solutions and driving energy transition and sustainable development. The energy equipment segment covers new energy areas including nuclear power, energy storage, wind power, photovoltaics (PV), and hydrogen energy, as well as clean and efficient utilization of traditional energy equipment and smart grid solutions. The industrial equipment segment mainly includes elevators, high-efficiency motors, intelligent manufacturing equipment, industrial basic components, and building industrialization products, dedicated to supporting the green upgrading of the manufacturing industry. As market demand for low-carbon technologies and products continues to grow, Shanghai Electric will further deepen technological innovation and industrial collaboration to contribute to the achievement of sustainable development. We continuously monitor R&D investment and revenue related to clean technology. Due to changes in market demand for low-carbon technologies and products, in 2025, R&D investment in clean technology accounted for 71.3% of total R&D investment, and clean technology-related revenue accounted for 84.56% of operating revenue. The target for clean technology R&D investment as a percentage of operating revenue in 2026 is expected to be no less than 3.75%.



Quantitative analysis of the current and expected financial impacts of other significant climate risks and opportunities cannot be separately analyzed at this stage or is subject to high measurement uncertainty; therefore, the "financial impact relief" approach is adopted.

Climate Resilience

We further conducted climate scenario analysis to systematically assess the potential impacts of climate risks on the Group's operations, strategic planning, and sustainable development under different global temperature control targets. Shanghai Electric focused on analyzing the transition and physical risks associated with differentiated emission pathways, such as limiting temperature rise to 1.5°C or below 2°C versus a rise exceeding 4°C, in order to enhance strategic foresight and operational resilience, and to provide decision-making support for addressing climate risks and seizing transition opportunities in a climate-uncertain environment.

Scenario Name	Low-emission Scenario	High-emission Scenario
Scenario definition	Global average temperature increase is limited to 1.5 °C or below 2 °C by the end of this century.	Global average temperature increases by more than 4°C by the end of this century
Scenario description	Based on the ideal path to achieve the goals of the Paris Agreement, countries worldwide take rapid and far-reaching emission reduction measures to drive comprehensive transformations in energy, industry, transportation, and construction sectors to achieve carbon neutrality goals; the share of renewable energy in the energy structure significantly increases, and clean energy technologies play a crucial role; customers actively choose green and low-carbon products, further promoting the green transformation of enterprises. We have selected this scenario to assess the impacts of strict climate strategies and actions implemented to achieve the temperature control target of 1.5°C or below 2°C in the Paris Agreement.	It shows failure to achieve the targets specified in the Paris Agreement, continued growth in greenhouse gas emissions, and insufficient climate action efforts. Fossil fuels continue to dominate, and greenhouse gas emissions increase sharply; extreme weather events become more frequent, posing threats to infrastructure and human health; ecosystems collapse, and biodiversity declines significantly. We have selected this scenario to assess the impacts of a significant increase in climate-related physical risks due to a lack of effective climate actions.
Source of references	IPCC SSP 1-2.6 Scenario: A sustainable society primarily based on clean energy, with effective climate actions to control global warming temperature far below 2°C. IEA Net Zero Emissions by 2050 (NZE) Scenario: Under this scenario, the global energy system and certain advanced economies achieve net zero emissions by 2050, and global warming is limited to 1.5°C.	IPCC SSP 5-8.5 Scenario: Economic development highly dependent on fossil fuels, with continued increases in greenhouse gas emissions and intensifying climate change.



Under the low-emission scenario, societal demand for reducing greenhouse gas emissions is expected to rise significantly, driving the rapid development of clean technology sectors such as new energy equipment and technologies. As the market demand for clean technologies continues to expand, Shanghai Electric's revenue in this field is expected to become an important financial growth driver in the future.

Under the high-emission scenario, with the continuous rise in global average temperature, the frequency and intensity of extreme weather events such as heavy rainfall and floods are projected to increase substantially, leading to a significant surge in physical risks including business interruptions and supply chain disruptions. Meanwhile, fossil fuels will remain dominant in the high-emission scenario, which may boost the demand for the transformation and upgrading of fossil fuel-related facilities. Shanghai Electric can not only fully leverage its technological strengths in traditional energy but also utilize its comprehensive advantages in both clean energy and fossil fuel sectors to provide integrated solutions for customers.

The results of scenario analysis indicate that Shanghai Electric will face varying degrees of transition and physical risks in the future, including challenges posed by policy changes, technological upgrades, and extreme weather events. Based on past experience, physical risks such as extreme weather have never had a significant material impact on Shanghai Electric, and the Company has never incurred any major violations related to climate or the environment. Looking ahead, through the comprehensive assessment of climate-related risks and opportunities, as well as continuous efforts in responding to climate policies, researching and developing clean technologies, and optimizing the energy structure, Shanghai Electric has built strong climate resilience. We can not only effectively withstand climate change-related risks but also seize opportunities to provide a diverse range of solutions for addressing climate change by leveraging our comprehensive advantages. In the future, Shanghai Electric will continue to deepen climate risk management, strengthen cooperation with various stakeholders, and contribute more solutions to global low-carbon transition and climate adaptation.

4. Indicators and Targets

In active response to China's "Dual Carbon" goals, Shanghai Electric has systematically formulated and continuously advanced its climate-related strategic targets. The Company is committed to peaking its carbon emissions before 2030, striving to achieve carbon neutrality in its own operations by 2035, and attaining carbon neutrality across the full value chain by 2055. To systematically implement carbon target management and enhance the effectiveness of climate change governance, Shanghai Electric keeps tracking and evaluating relevant indicators, steadily advancing its low-carbon transition in a systematic, refined and quantifiable manner.

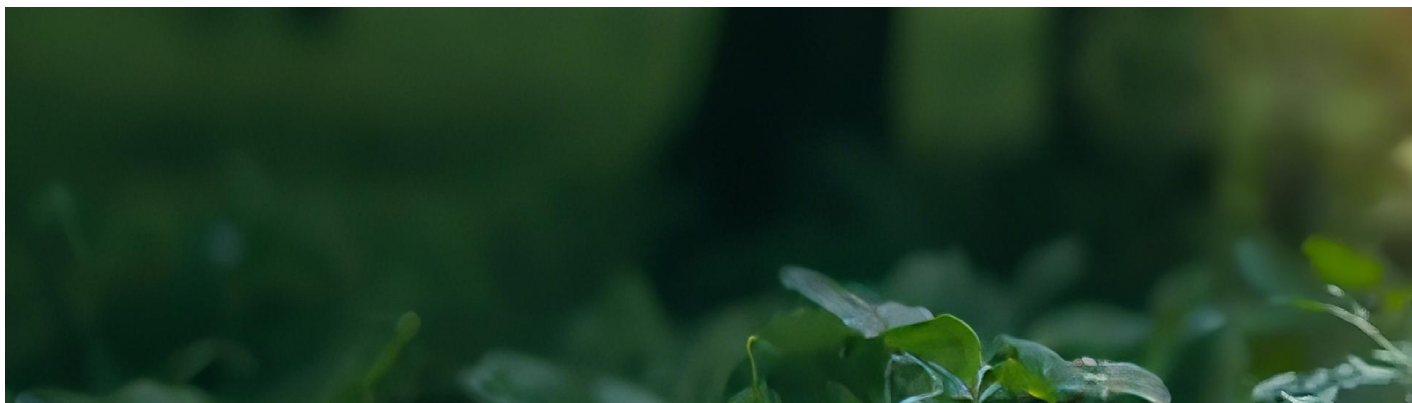
During the Reporting Period, Shanghai Electric has extended carbon emission management to indirect emission sources across the value chain. It has systematically compiled and monitored Scope 3 emission sources including business travel, employee commuting and the use of sold products, laying a foundation for the wide implementation of Scope 3 carbon reduction initiatives.

Greenhouse gas emissions of Shanghai Electric in 2025 are as follows:

Indicator	2023	2024	2025	Unit
Scope 1 Greenhouse Gas Emissions	80,450.61	86,106.17	89,825.90	Tonnes of CO ₂ equivalent
Scope 2 Greenhouse Gas Emissions	249,622.53	250,411.7	295,527.03	Tonnes of CO ₂ equivalent
Scope 1 & Scope 2 Greenhouse Gas Emissions	330,073.14	336,517.95	385,352.93	Tonnes of CO ₂ equivalent
Scope 1 & Scope 2 Greenhouse Gas Emission Intensity	287.53	289.64	304.20	Tonnes of CO ₂ equivalent / RMB100 million of operating revenue
Scope 3 (Category 6: Business Travel) Greenhouse Gas Emissions	/	/	974.75	Tonnes of CO ₂ equivalent
Scope 3 (Category 7: Employee Commuting) Greenhouse Gas Emissions	/	/	17,234.96	Tonnes of CO ₂ equivalent
Scope 3 (Category 11: Use of Sold Products) Greenhouse Gas Emissions	/	/	382,153,384.10	Tonnes of CO ₂ equivalent

Notes:

- Greenhouse gas emissions are mainly generated from energy consumption in production and operation. The types of energy consumption include electricity, steam (heat), natural gas, diesel, gasoline, etc. The calculation of greenhouse gas emissions is conducted with reference to the Guidelines for Greenhouse Gas Emission Accounting and Reporting for Industrial and Other Sectors (Trial) issued by the National Development and Reform Commission in 2015, and the consolidation method for emissions is operational control.
- In 2025, for regulated enterprises located in Shanghai, the default value of electricity emission factors shall be determined in accordance with the Notice of Shanghai Municipal Bureau of Ecology and Environment on Adjusting the Relevant Emission Factor Values in the Greenhouse Gas Emission Accounting Guidelines for This Municipality; for regulated enterprises in other regions, the national average grid emission factor in the Announcement on Issuing the 2023 Power Carbon Dioxide Emission Factor shall be uniformly adopted.
- Scope 3 emission factors are based on the U.S. Environmental Protection Agency (EPA) greenhouse gas emission factor database Emission Factors for Greenhouse Gas Inventories.



Energy and Resource Utilization

1. Energy Conservation and Carbon Reduction

Shanghai Electric strictly abides by the laws, regulations and standards including the Energy Law of the People's Republic of China, the Law of the People's Republic of China on Conserving Energy, and the Measures for the Administration of Industrial Energy Conservation. It has continuously improved its energy management system, optimized its energy structure and enhanced energy efficiency. Through regular energy conservation publicity and education, the Company has fully implemented energy-saving and consumption-reduction measures to support green and low-carbon operations.

Improving the Energy Management System

Shanghai Electric has established a three-tier energy management system comprising "Group Headquarters – Industrial Groups – Subsidiaries" to systematically promote energy conservation and efficiency enhancement. The Group's Economic Operations Department takes overall responsibility for coordinating energy management. Energy management centers have been set up at various industrial groups and key enterprises to supervise and manage corporate energy consumption and energy consumption intensity. Each industrial group and subsidiary has established a tiered energy management network, guided enterprises in formulating and improving energy conservation and carbon reduction management systems, provided guidance on energy conservation and emission reduction initiatives, and promoted the achievement of annual energy conservation and emission reduction targets.

Guided by strategic planning, we have deeply integrated energy consumption targets into the Group's medium and long-term development layout, and embedded the philosophy of energy conservation and carbon reduction throughout the entire production and operation process. By providing tiered and categorized guidance to industrial groups on formulating carbon peaking action plans, assigning assessment tasks and strengthening the promotion of planning, we have initially formed a carbon peaking implementation pathway covering the entire Group. In terms of target management, the Group has strengthened the dual-control assessment mechanism for energy consumption, continuously collected energy consumption data from key energy-consuming enterprises, and dynamically supervised their energy utilization.

We regard energy management system certification (e.g. ISO 50001) as important support for promoting the dual control of energy and carbon and improving management maturity, and actively encourage eligible energy-consuming and emission-generating entities to advance the development and certification of relevant systems. By the end of 2025, key energy-consuming units under the Group had basically achieved full coverage of the ISO 50001 energy management system. Through systematic and standardized management, overall energy efficiency has been continuously improved, supporting the Group's low-carbon transformation.

We regularly carry out energy-saving diagnoses and energy audits on key energy-consuming units, helping enterprises improve their internal energy-saving management frameworks and establish self-restraint mechanisms. By issuing dual-control assessment documents covering indicators of total energy consumption and energy consumption intensity, and decomposing targets to various industrial sectors and key enterprises, we have effectively incentivized and supervised the implementation of energy conservation and carbon reduction.

In addition, we regularly hold special meetings on energy management to promptly convey policy requirements, issue early warnings for abnormal energy consumption, and arrange and promote energy efficiency improvement work. Some subsidiaries have set up full-time energy management positions in accordance with the law and conduct regular energy efficiency assessments. Through quantitative analysis, benchmarking optimization and closed-loop management, we have continuously improved energy utilization efficiency and emission reduction performance, driving energy conservation and carbon reduction to become more refined, systematic and long-term.



Optimizing the Energy Mix

Shanghai Electric has deeply integrated energy mix optimization and expanded green power application into production and operation, and continuously promoted the clean transformation of energy supply. By the end of the Reporting Period, the total installed capacity of rooftop photovoltaic systems at Shanghai Electric reached 97 megawatts. In 2025, the total green electricity consumed by the Group amounted to 159.95 million kWh, including 15.43 million kWh of on-site power generated by rooftop PV systems, 29.92 million kWh supplied through PV contract energy management, and 114.60 million kWh of externally purchased green electricity. This has further strengthened the large-scale and diversified layout of clean energy utilization by the Group and injected green impetus into sustainable development. The above green electricity consumption is equivalent to saving 19,657.85 tonnes of standard coal and reducing approximately 84,869.47 tonnes of carbon dioxide emissions.

Note: The conversion coefficient of electricity to standard coal is in accordance with GB/T 2589-2020 General Rules for Calculation of Comprehensive Energy Consumption. Greenhouse gas calculation is based on the national average power grid emission factor specified in the Announcement on Issuing the 2023 Power Carbon Dioxide Emission Factor.



Shanghai Mitsubishi Elevator: Dual-Path Clean Energy Deployment to Build a New Green Energy Consumption Pattern

In 2025, Shanghai Mitsubishi Elevator systematically promoted the application of clean energy through the dual path of "independent photovoltaic (PV) construction + external green power procurement", forming a green energy consumption model of "local on-site PV power generation + cross-regional green power supplementation". The PV projects of Shanghai Mitsubishi Elevator maintained stable operation. In 2025, 1.1 MW of new installed capacity was added, bringing the cumulative installed capacity to 8.3 MW. Meanwhile, the company actively expanded external green power sources, covering 6 suppliers in 2 provinces. The proportion of clean energy (green power and PV) consumption exceeded 22% for the full year. It not only optimized the local energy structure through distributed PV, but also broadened the clean energy supply channels through cross-regional green power procurement, serving as a typical case within the Group for promoting energy structure optimization and practicing green and low-carbon operations.



Terminal Electrification Application - Electrified Equipment Replaces Natural Gas for Heating Processes

To actively practice the concept of green manufacturing, Shanghai Electric Nuclear Power Group promoted the optimization of energy structure in key production links, and gradually replaced traditional natural gas heating with electrified methods. The company innovatively introduced medium-frequency induction heating technology, which is applied to important processes such as preheating for nuclear power product welding and hydrogen removal treatment, replacing the original natural gas flame heating method. This technology has outstanding advantages such as high energy efficiency, stable operation, high automation and strong adaptability. It can flexibly adapt to workpieces of different sizes and diverse welding scenarios through customized inductors. Its core highlight is that the heat source is directly generated inside the workpiece, significantly improving the electrothermal conversion efficiency. Compared with traditional natural gas heating, while ensuring process quality, it achieves a simultaneous substantial reduction in energy consumption and carbon emissions.

Improving Energy Efficiency

Shanghai Electric has continuously deepened its efforts to improve energy efficiency. Through systematic implementation of targeted measures such as phasing out outdated electromechanical equipment, retrofitting industrial furnaces, optimizing production processes, and building intelligent energy management systems, the Group has fully tapped energy-saving potential and enhanced overall energy utilization efficiency. In 2025, subsidiaries under the Group actively promoted the special campaign for phasing out and updating outdated equipment, eliminating 222 pieces of outdated equipment and replacing 190 pieces of high-energy-consumption equipment, covering 16 units. Meanwhile, various enterprises extensively carried out energy-saving technical transformations. In 2025, Shanghai Electric invested approximately RMB35 million in energy-saving technological transformations, successfully implementing more than 40 energy-saving retrofit projects. Through the implementation of the above projects, the Group achieved energy savings of 5,043.22 tonnes of standard coal for the full year, equivalent to reducing approximately 13,314.10 tonnes of carbon dioxide emissions. These initiatives have not only effectively reduced energy consumption and operating costs, but also provided solid practical support for promoting industrial green transformation and achieving the "Dual Carbon" goals.



Shanghai Mitsubishi Elevator Drives Smart Energy Efficiency Upgrade

In 2025, Shanghai Mitsubishi Elevator closely focused on the "Dual Carbon" goals and systematically promoted energy-saving retrofits and digitalized energy management in its factory areas. The company implemented intelligent retrofits for the factory air-conditioning system, selecting energy-saving air conditioners meeting the "Three-Star Green Building" standard, and optimizing operation strategies through frequency conversion control and dynamic temperature control modules, significantly reducing air-conditioning energy consumption. At the same time, it continuously improved the energy metering information platform, realizing real-time collection, accurate metering and intelligent analysis of power data, and breaking down energy consumption data silos. After the retrofit, energy management has shifted from traditional manual statistics to digital intelligent control. Through the metering of electric energy, as well as year-on-year, month-on-month, proportion, ranking and change analysis, the company has achieved refined energy management.

Energy Conservation Promotion and Publicity

To further raise awareness of energy conservation and emission reduction among all employees and enhance their professional capabilities, Shanghai Electric has continuously carried out a series of promotional activities such as Energy Conservation Publicity Week and Low-Carbon Theme Days. Through diverse channels and forms, the Group has fostered a green corporate culture and strengthened employees' understanding of energy conservation and carbon reduction as well as their voluntary actions. Meanwhile, the Group has systematically organized professional qualification training for personnel in energy and carbon management positions, striving to improve the professionalism of energy and carbon emission management. This has continuously consolidated the talent foundation and organizational capabilities for the Group to achieve refined and systematic energy and carbon control as well as green and low-carbon transformation.



Energy Conservation Publicity Week Series at Shanghai Electric Turbine Works

In June 2025, Shanghai Electric Turbine Works launched a series of activities for Energy Conservation Publicity Week under the theme "Energy Conservation and Efficiency Improvement, Led by Innovative Renewal". Through setting up energy conservation publicity boards, organizing on-site interactive quizzes, and distributing energy conservation manuals, the event vividly disseminated knowledge on the "Dual Carbon" goals, green mobility, renewable energy and other related topics. The event was well-received with a lively atmosphere. In total, more than 800 manuals were distributed and over 500 valid questionnaires were collected. Over 90% of participating employees stated that they would apply what they had learned into daily work and life, effectively fostering a corporate culture of "Energy Conservation and Carbon Reduction, Everyone's Responsibility".



 **Capacity Building Training for Energy and Carbon Management Personnel at Shanghai Electric**

On November 27, 2025, the three-day Capacity Building Training Course for Carbon Management Personnel of Shanghai Electric was successfully concluded at the Shanghai Electric Training Base. Jointly organized by the Group's Economic Operations Department (Dual Carbon Office), Human Resources Department and Party School, the training aimed to systematically improve the professional competence and practical capabilities of the carbon management team, so as to provide talent support for the Group's green and low-carbon development. A total of 40 key carbon management staff from subsidiaries of the Group attended the training.

The curriculum was closely designed to meet practical work needs, covering core modules including policy interpretation, standard analysis, practical cases, and zero-carbon factory construction. Participants also visited Siemens Switchgear Shanghai Co., Ltd. on site, enhancing the effectiveness of training through the integration of theory and practice. This training is an important measure for Shanghai Electric to implement the "Dual Carbon" goals and strengthen the construction of talent echelons. With systematic learning, participants will further master relevant policies, standards and practical methods for carbon management, providing strong support for the Group to achieve carbon peaking by 2030, carbon neutrality in its own operations by 2035, and carbon neutrality across the full value chain by 2055.



Capacity Building Training Course for Carbon Management Personnel of Shanghai Electric Group

2. Green Production and Operations

With the accelerated evolution of global climate governance, the green and low-carbon transformation of the manufacturing industry has become a "must-answer question" for sustainable development. Shanghai Electric deeply recognizes that, as a backbone enterprise in the equipment manufacturing sector, advancing green production and operations is not only an inevitable requirement to respond to national strategies, but also an inherent need to achieve high-quality development. We have fully integrated the green concept into the entire process of production and operations, regularly and systematically assessed the environmental impact of operations and the effectiveness of improvements, and continuously raised the level of environmentally friendly operations.

Green Factories

Building green factories is of great significance for improving the level of green manufacturing and playing a green demonstration role. During the Reporting Period, Shanghai Electric successfully added 14 new green factories and 1 zero-carbon factory. As of the end of the Reporting Period, the Group has a total of 47 green factories and 7 zero-carbon factories, among which 23 of the 47 green factories are national-level green factories.





Construction of National-Level Green Factory at Shanghai Huapu Cable

In 2025, Shanghai Huapu Cable launched a systematic renovation project for the national-level green factory, aiming to explore green manufacturing system solutions for the cable industry. Through full-process diagnosis and reengineering of energy structure, production processes, resource recycling and pollution prevention and control, the project implemented six core renovation works: constructing a 1,500 kW distributed photovoltaic power generation system, building an intelligent energy management system, carrying out in-situ recycling and high-value utilization of waste plastics, implementing nitrogen renovation of the protective gas system in the wire drawing process, carrying out intensive and frequency conversion renovation of the air compressor system, and completing the circular renovation of the cooling water system. The project also supported auxiliary green improvement measures such as upgrading VOCs treatment devices, replacing electric forklifts and LED energy-saving lamps. Through this series of solid renovations, Shanghai Huapu Cable Co., Ltd. has significantly improved energy utilization efficiency, greatly increased resource recycling rate, and effectively controlled pollutant emissions, and successfully obtained the "National-Level Green Factory" certification in 2025.



National-Level Green Factory

Green Products and Technologies

Shanghai Electric continues to screen and promote carbon footprint accounting and certification for key products, encouraging subsidiaries to systematically carry out full life cycle carbon footprint accounting and certification with typical products as the starting point. In 2025, Shanghai Electric made important breakthroughs in the standardization and systematic development of product carbon footprint management. Shanghai Electric Machinery Works was successfully selected as a national pilot unit for carbon footprint label certification of motor products, providing a replicable practice model for the low-carbon transformation of the industry.





Launch of National Pilot Program for Carbon Footprint Label Certification of Motor Products by Shanghai Electric

On September 16, 2025, at the launching ceremony of Shanghai Quality Certification Publicity Week, the Shanghai National Pilot Program for Carbon Footprint Label Certification of Products (Iron & Steel, Electric Motors) was officially launched. As a representative pilot enterprise in the motor sector, Shanghai Electric witnessed this important moment together with leaders from market regulation authorities on stage, marking a key step forward for Shanghai Electric in the field of green and low-carbon certification of industrial products and establishing itself as an important force driving the green transformation of the industry. Shanghai Electric Machinery Works is the implementing entity of this label certification pilot. As a green benchmark in the motor industry, the company is not only a national-level green factory and green supply chain management enterprise, but also the governing unit of the Shanghai Electric Machinery Industry Association. Together with Shanghai Electric Central Academy, it has completed the formulation of the industrial standard Quantification Methods and Requirements for Product Carbon Footprint – Large Electric Motors, promoting the implementation of relevant certification rules.



Launching Ceremony of Shanghai National Pilot Program for Carbon Footprint Label Certification of Products (Iron & Steel, Electric Motors)



Technology of Ring Rolling Cylinders by Shanghai Electric Nuclear Power Group Effectively Reduces Carbon Emissions

Shanghai Electric Nuclear Power Group, together with its suppliers, has successfully developed the ring rolling cylinder technology to replace the traditional free forging process. With the application of this technology, the steel ingot required for manufacturing cylinders of the same specification has been reduced from the original 206 tonnes to 160 tonnes, raising the molten steel utilization rate by 22%. The full completion of this technology upgrading project is planned before 2030. By the end of the Reporting Period, the ring rolling technology had been applied in the HTR-PM project to produce a total of 47 large ring rolling forgings, saving more than 2,000 tonnes of molten steel in aggregate.



We have actively developed a catalogue of green and low-carbon technologies, products and solutions, and promoted their application in the energy structure transformation. By the end of 2025, Shanghai Electric had included 58 products, 9 technologies and 18 solutions in the Group's Green and Low-Carbon Technology Library.

No.	Enterprise	Type	Green & Low-Carbon Technology Library
1	Central Academy	Product	Xinglian Planning – Software for Electric, Heat, Cold, Steam, Energy and Carbon Planning in Regions/Parks
2		Product	Xinglian Manager – Intelligent Building Energy and Carbon Management and Control System
3		Product	Xinglian Manager – Intelligent Control System for Regional Centralized Cold, Heat and Steam Energy Center
4		Product	100kW Hydrogen Fuel Cell Power Generation System
5		Product	Organic Solid Waste Pyrolysis and Gasification Technology and Complete Equipment
6		Technology	High-Efficiency Environmentally Friendly Regeneration Technology for Cathode Materials of Retired Power Lithium-Ion Batteries
7		Technology	Pervaporation Membrane Technology
8		Technology	100kW Hydrogen Fuel Cell Power Generation System
9		Solution	Green Steam Generation System with Molten Salt Heat Storage Coupled with High-Temperature Heat Pump

Shanghai Electric strives to build a low-carbon ecosystem across the entire industrial chain and provides high-efficiency and energy-saving equipment solutions to downstream clients. At the Carbon Expo 2025, Shanghai Electric pioneered the value proposition of "Empowering Society to Reduce Carbon through Products". According to authoritative certified data: The ultra-supercritical coal-fired generating units developed by Shanghai Electric Group reduce carbon dioxide emissions by 49 grams per kilowatt-hour of electricity generated, with a single 1,000MW unit achieving an annual emission reduction of 270,000 tonnes; Environmentally friendly gas-insulated transformers replace sulfur hexafluoride with dry air, and a single SNG31-72.5 unit can reduce emissions by 944 tonnes of CO₂ equivalent; Elevators equipped with an energy feedback system can reduce carbon dioxide emissions by 36 tonnes over their full life cycle. It is calculated that in 2024, through its matrix of ten major product categories including wind power, photovoltaic, compressors and electric motors, Shanghai Electric achieved a total social carbon reduction benefit of nearly 203 million tonnes, equivalent to 80% of Shanghai's total carbon emissions in 2022.

Green Office

Shanghai Electric has also extended the green concept to all aspects of daily operations, actively implementing green office practices, fostering a low-carbon, economical and efficient work culture across the Group, further reducing its operational carbon footprint and environmental impact, and strengthening the Group's overall action capacity in environmental protection and sustainable development.

Green Office Initiatives:

- ✓ Encourage employees to reduce car use and take public transport or ride bicycles as much as possible;
- ✓ Prioritize the procurement and use of green and environmentally friendly office products to reduce pollutant emissions and energy consumption;
- ✓ Install automatic sensor lighting systems in public areas inside the company;
- ✓ Properly renovate, update and regularly maintain office equipment to extend their service life;
- ✓ Use double-layer windows and energy-saving curtains in office areas, adjust central air conditioning temperatures appropriately – lowering indoor temperatures in winter and raising them in summer – to reduce energy consumption;
- ✓ Promote a paperless office model and build an automated full-life-cycle meeting management system covering meeting notices, reception plans, response feedback, check-in, meeting minutes, reviews and other processes.



3.Raw Material and Packaging Material Management

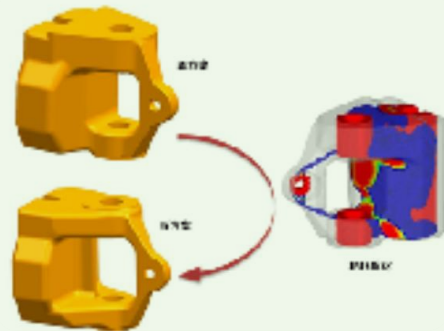
Throughout the entire process of product manufacturing, transportation and sales, the Group attaches great importance to the sustainable management of raw materials and packaging materials. We uphold the full life cycle management of packaging materials and actively explore effective paths for the reduction, recyclability and recycling of material use. Adhering to the green design concept, we actively promote reduction and lightweight design by optimizing product and packaging structures, reducing resource consumption and environmental load from the source. Meanwhile, we strictly screen environmentally friendly materials, phase out high-impact materials step by step, prioritize recyclable and easily recyclable alternatives, and vigorously promote the recycling and reuse of existing packaging, achieving the coordinated improvement of economic benefits, environmental benefits and production efficiency.

Raw Material and Packaging Material Management Measures:

- ✓ Reduction: Reduce the consumption of raw materials and packaging materials through design optimization and the adoption of lightweight materials
- ✓ Improved Recyclability: Select recyclable or degradable materials such as paper and plant-based plastics
- ✓ Recycling: Encourage the use of reusable packaging such as turnover boxes, and cooperate with suppliers to implement circular recycling and reuse

Shanghai Mitsubishi Elevator: Structure Optimization Drives Lightweight Upgrade of Raw Materials

To achieve product lightweight and efficient utilization of raw materials, Shanghai Mitsubishi Elevator carried out systematic lightweight design improvements targeting the complex structure of the traditional M-series safety gear and the excessive weight in the design of the ZISB-3000 instantaneous safety gear for large-tonnage freight elevators. By respectively adopting the newly developed U-shaped spring split structure and the Optistruct-based structural topology optimization method, the material distribution was re-planned, and the product weight was significantly reduced while ensuring safety performance. After optimization, the two types of safety gears achieved weight reductions of 71% and 22% respectively, greatly reducing raw material consumption and effectively driving the improvement of the green design and manufacturing level of products.



Lightweight Optimization of Instantaneous Safety Gear ZISB-3000



Shanghai Mitsubishi Elevator: Packaging Recycling and Reduction Retrofit Boosts Green Operations

Shanghai Mitsubishi Elevator has continuously promoted packaging improvement projects. Through initiatives such as promoting circular packaging and implementing packaging lightweight retrofits, it has gradually achieved the coordinated improvement of economic benefits, environmental benefits and production efficiency, implemented multiple projects cumulatively, and formed a replicable and scalable packaging optimization model.

To address issues such as waste from one-time packaging, Shanghai Mitsubishi Elevator replaced the original one-time packaging of "small carton + large carton" with recyclable turnover boxes for the packaging of position switch assemblies, a core component, eliminating multi-layer nested packaging. This reduced annual packaging material costs by RMB50,000 and eliminated one-time packaging waste. For the packaging of button assemblies, the company promoted the iteration of packaging materials, adopting customized recyclable foam tooling boxes that precisely fit product dimensions, completely eliminating one-time packaging. This reduced annual carton waste by 154.6 kg and plastic bag waste by 312.5 kg, totaling 467.1 kg of waste reduction.



Before the improvement of position switch assembly packaging



After the improvement of position switch assembly packaging



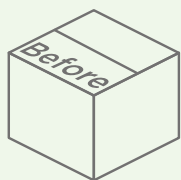
Before the improvement of button assembly packaging



After the improvement of button assembly packaging

To address the redundant height of the control panel packaging box, Shanghai Mitsubishi Elevator optimized the packaging design by accurately measuring the actual product dimensions and implemented packaging lightweight retrofits, avoiding material waste and space idleness. The project achieved remarkable results, reducing annual production costs by RMB158,800 and cutting packaging paper consumption by 5.7 tons.

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Packaging Lightweight Retrofit

Biodiversity Conservation

Shanghai Electric integrates biodiversity conservation into its corporate sustainable development strategy, actively responds to the United Nations Convention on Biological Diversity, and complies with relevant policies and regulations including the Environmental Protection Law of the People's Republic of China, the Wildlife Protection Law of the People's Republic of China, the Regulations of the People's Republic of China on Nature Reserves, Technical Guidelines for Environmental Impact Assessment – Ecological Impact, and the National Strategy and Action Plan for Biodiversity Conservation. The Group has formulated and implemented special management systems as well as biodiversity risk assessment and management procedures. It adheres to the systematic identification and avoidance of potential impacts on the ecological environment during the project planning and design stage, continuously enhances ecological governance capacity, and promotes the harmonious coexistence between humans and nature.



We have incorporated nature-related risks and opportunities into our risk management system, covering our own operations, surrounding areas, and the upstream and downstream value chains in the assessment scope. Through systematic identification, assessment and management of biodiversity risks, and the formulation of targeted measures, we strive to reduce their potential impacts on the Group's operations and are committed to advancing ecological balance and biodiversity conservation in the regions where we operate and where projects are located.

Risk/ Opportunity Category	Name of Risk/ Opportunity	Potential Impacts	Management Measures
Physical Risks	Decline in Biodiversity and Deterioration of Ecosystem Functions	The decline in biodiversity and deterioration of ecosystem functions may lead to intensified regional soil erosion, imbalance of natural ecosystems, and incur long-term environmental restoration and maintenance costs. Without strengthened management, projects may fail to pass environmental protection acceptance, and even face compliance risks such as work suspension and penalties.	<ul style="list-style-type: none"> ● Formulate and implement a special management system for biodiversity conservation, clarify conservation goals, division of responsibilities and implementation paths, and promote the systematic development of biodiversity conservation work. ● Strictly implement protective construction standards in ecologically sensitive areas, prioritize avoidance and mitigation measures, and minimize interference with the natural environment. ● Establish a regular monitoring and evaluation mechanism to regularly track and assess the effectiveness of biodiversity conservation work.
Transition Risks	Negative Impact of Ecological Incidents on Corporate Reputation	In the event of a major ecological incident, it will directly impact the brand reputation established by Shanghai Electric in the field of green manufacturing and sustainable development, and weaken market trust in its environmental governance capabilities.	<ul style="list-style-type: none"> ● Establish a sound emergency plan for ecological and environmental protection incidents, clarify response procedures, communication mechanisms and responsible entities, to ensure rapid and orderly disposal after an incident occurs. ● Strengthen communication with investors and customers to enhance the transparency of the company's environmental governance.
Opportunities	Carry out protection, restoration and construction actions for vegetation, wetlands, natural landforms and special structures	Carrying out ecological protection and restoration actions will enhance Shanghai Electric's brand image in the field of ecological governance and sustainable development, and strengthen its social credibility as a responsible manufacturing leader.	<ul style="list-style-type: none"> ● Actively practice the concept of ecological protection, take practical actions, and strive to create positive ecological benefits. ● Incorporate requirements related to biodiversity conservation, land resource use and deforestation into the mandatory requirements of the Group's supply chain management.



Dewatering Water Comprehensive Utilization Project – Demonstration Field Planting Service Project

To address the contradiction of "coexistence of regional drought and resource waste" at the Block 1 open-pit coal mine in the Thar Coalfield, Pakistan, constructed by Shanghai Electric, the project adopts a trinity model of "technical governance + sustainable resource utilization + ecological restoration". By building a modern tissue culture laboratory, drought-tolerant and salt-tolerant cash crop varieties have been cultivated, supported by a 500-mu demonstration field equipped with an intelligent drip and sprinkler irrigation system, realizing the efficient and comprehensive utilization of dewatering water. This project advances dewatering water treatment and salt-tolerant crop cultivation. It not only resolves the waste and utilization of water resources, but the developed plant varieties can also be used as silage feed for sheep after harvesting, laying a foundation for the development of animal husbandry. It also adds vegetation to the mining area to prevent wind and fix sand, which is conducive to ecological and environmental protection and provides employment opportunities for local residents. While offering demonstration and technical support for the sustainable development of Pakistan's agriculture, the project promotes the growth of the local agricultural economy and improves the ecological environment.



Before the establishment of plant adaptability research experimental plots



After the establishment of plant adaptability research experimental plots



Uzbekistan Zafarabad Project: "Four-Stage Mitigation Strategy" for Biodiversity Conservation

The Shanghai Electric Power Transmission and Distribution Project in Zafarabad, Uzbekistan, strictly complies with the Asian Development Bank's Environmental and Social Policy, has systematically formulated a Biodiversity Action Plan, and implemented a "four-stage mitigation strategy". This includes proactively avoiding core habitats of endangered birds such as Egyptian vultures during site selection; reducing impacts on wild animals during construction by installing enclosures, adjusting construction schedules, and strictly controlling high-noise operations; and replanting native plants to restore habitats upon completion.

As a digital intelligent substation, the project achieves "transparent" management through intelligent sensing and other technologies, monitors potential equipment hazards online, and prevents pollution caused by insulating oil leakage. This full life cycle management model of "avoidance – mitigation – restoration – compensation" not only meets local electricity demand but also realizes the harmonious coexistence of engineering and ecology.



Photovoltaic Power Station Ecological Protection Project – "PV Blue" Empowers "Ecological Green"

Shanghai Electric's 260MW Yanguoxia Photovoltaic Power Station Project in Yongjing, Gansu Province, takes "symbiosis of ecological restoration and clean energy" as its core design philosophy. By coordinating the construction of the photovoltaic power station with ecological restoration, the project deeply integrates engineering construction with ecological protection, reduces environmental disturbance through scientific design, and achieves the coordinated development of clean energy development and ecological restoration. Throughout the full cycle of planning, construction and operation, the dual goals of photovoltaic power generation and ecological restoration are achieved through minimizing ecological disturbance, refined construction management, and an agriculture-photovoltaic complementary model, significantly improving the local microclimate and vegetation restoration conditions. The photovoltaic supports are designed with a minimum ground clearance of 1.2 meters, enabling PV modules to act as natural barriers. By blocking direct sunlight, they significantly lower surface temperature and wind speed, improving the local microclimate environment.



Light of Public Welfare: Illuminating the Path of Responsibility

Shanghai Electric has always integrated social responsibility into its corporate development, actively serving national strategies, building bridges for development through industrial assistance and energy cooperation, and contributing to common prosperity and global sustainable development. Relying on an institutionalized and regular donation and volunteer service system, the Group effectively cares for disadvantaged social groups. We firmly believe that fulfilling social responsibility is a solid path for enterprises to create long-term value and contribute to a better future.



PUBLIC WELFARE

Issues addressed in this chapter:

Rural Revitalization

Social Contribution



Rural Revitalization

In serving the national rural revitalization strategy, Shanghai Electric actively fulfills its corporate social responsibility and injects sustained impetus into rural development through village-enterprise pairing and Party-building linkage. Since 2018, the Group's Power Generation Group, Shanghai Mitsubishi Elevator, and Shanghai Electric Windpower have actively responded to the call of the "Double Hundred" Village-Enterprise Pairing Initiative, signed assistance agreements with Fuyuan County, Qujing City, Yunnan Province, and carried out targeted assistance.



During the Reporting Period, we continued to carry out the "Double Hundred" village-enterprise pairing and urban-rural pairing assistance through our subsidiaries. Focusing on improving people's livelihood, we prioritized solving the urgent difficulties and worries of the people, promoted the construction of infrastructure such as the hardening of main roads entering villages, and effectively improved the living environment of villages and enterprises. At the same time, the Company cared for vulnerable groups, assisted local elderly, weak personnel and disadvantaged students, and promoted stable local employment. In 2025, the total investment in rural revitalization reached RMB1.2016 million for the whole year, including RMB1.0387 million for consumption assistance, benefiting 11,000 people. Various assistance measures took effect, effectively promoting rural economic development and social harmony and stability.

Meanwhile, Shanghai Electric has deeply participated in the paired assistance between urban and rural Party organizations in Shanghai. Since 2023, within the fifth round of assistance, the Group, together with its subsidiaries, has focused on Fengxian District, and strived to improve the effectiveness of primary-level Party building by dispatching resident cadres and strengthening organizational co-construction. In 2025, a new round of resident cadres has been dispatched to Qingpu to start a new three-year assistance chapter.

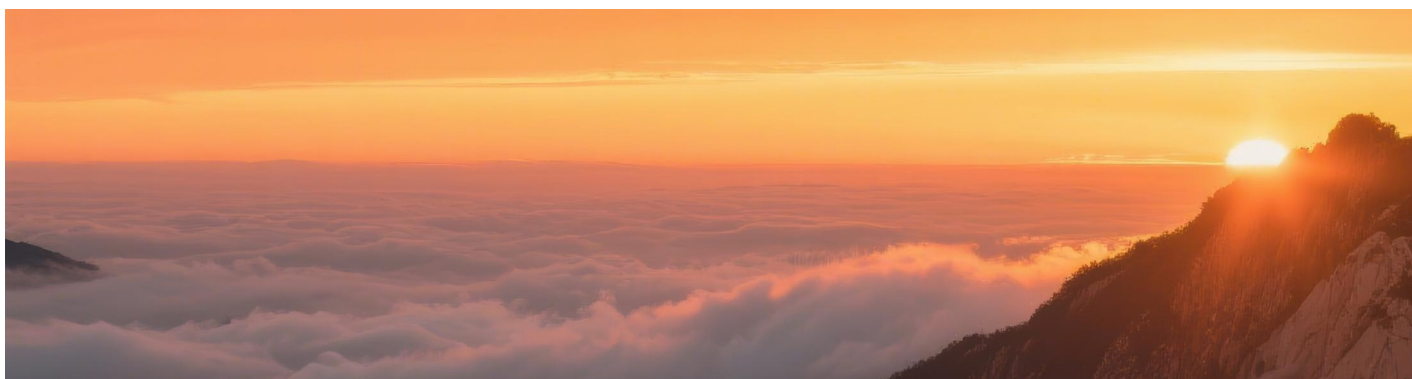
In rural revitalization, Shanghai Electric emphasizes "blood-making" assistance, promoting the in-depth integration of consumption assistance and industrial resources. By developing diverse sales channels and purchasing high-quality local agricultural products as employee benefits, the Group has effectively boosted rural economic growth and provided a steady source of income for farmers. These measures have not only effectively supported the sustainable development of paired areas, but also demonstrated Shanghai Electric's solid commitment to advancing common prosperity.

Funds invested in rural revitalization in 2025

A total of **1.2016** million RMB was invested throughout the year. **1.0387** million RMB was allocated to consumption-based assistance initiatives.

Number of people benefiting from rural revitalization in 2025

A total of **11,000** people throughout the year.



Public Welfare Donations

To actively practice corporate social responsibility, Shanghai Electric has continuously deepened institutional development and practical actions in the field of charity and public welfare. The Group has formulated the Articles of Association of the Volunteer Association, systematically organizing and guiding employees to devote themselves to public welfare causes, giving full play to its own professional and resource advantages, and extensively carrying out various charitable and public welfare activities.

Through caring donation activities such as "One-Day Donation", Shanghai Electric mobilizes employees to show their love. The raised funds are specially used to assist employees in need, conveying the warmth of the organization, highlighting the corporate culture of solidarity and mutual assistance, and fostering a positive atmosphere of public welfare enthusiasm and giving back to society within the enterprise.



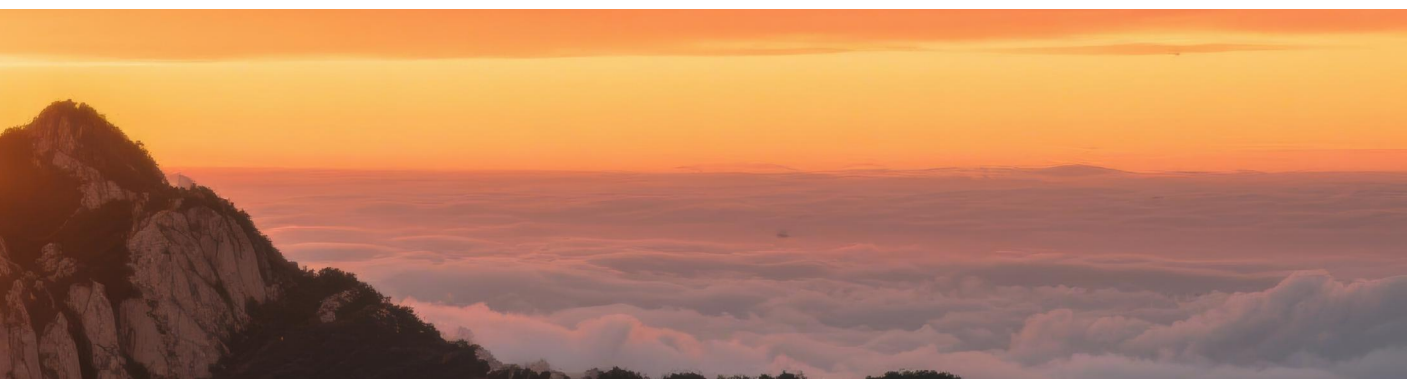
Shanghai Electric Windpower "Blue Ribbon" Volunteer Program for Children with Autism

Since its launch in 2015, the "Blue Ribbon" volunteer program of Shanghai Electric Windpower has consistently practiced corporate social responsibility. Centered on caring for children with autism, the program has brought warmth and help to special children through ten years of continuous volunteer services, and is committed to promoting attention and understanding of autism groups from all sectors of society. The program innovatively integrates corporate characteristics with public welfare services, forming a unique trinity model of "environmental protection + wind power popular science + handmade charity sale". After ten years of development, the program has served more than 250 autistic children and their families, significantly improving the children's social skills and emotional expression abilities. Funds raised from charity sales have effectively alleviated the financial pressure on beneficiary families, while continuous publicity has drawn the attention of more than 100,000 people to this special group, driving more social forces to join the care initiative.

The program has successfully explored an innovative path for enterprises to carry out sustainable public welfare by using their own resources, skillfully integrating professional technologies with social needs, and contributing an important force to building an inclusive society.



"Blue Ribbon" Volunteer Program for Children with Autism



Cultural Silk Road

In the great process of serving the Belt and Road Initiative, Shanghai Electric, rooted in its main business, takes innovation as the oar and responsibility as the sail, and actively participates in the joint construction of energy systems in countries along the routes. Through grounded energy projects, Shanghai Electric has built a "Cultural Silk Road" and "bridge of friendship" connecting China and the world, deepening win-win international cooperation. This is not only the export of technology, but also the sharing of development concepts and the undertaking of corporate responsibility, vividly interpreting the practical connotation of building a community with a shared future for mankind, and contributing an important "Shanghai Electric Solution" to promoting global energy transition and sustainable development.



Successful Grid-Connection of Shanghai Electric Windpower's Weda Bay Industrial Park Wind Project in Indonesia

In 2025, the demonstration wind power project of Weda Bay Industrial Park constructed by Shanghai Electric Windpower in North Maluku Province, Indonesia, was officially put into operation. The project is the first wind power project invested and built by a Chinese enterprise in Indonesia, and also the first wind power project put into operation by a Chinese complete machine manufacturer in Indonesia. The initial demonstration project has a total capacity of 5MW, adopting two units of 2.5MW wind turbines of Shanghai Electric Windpower, with plans for further expansion in the future.



Grid-Connection Power Generation Ceremony Held at the Indonesian Industrial Park

During the project implementation, the project team overcame challenges such as insufficient hoisting equipment, complex transportation roads and frequent thunderstorms, innovatively optimized transportation routes and construction plans, providing stable green energy support for the park, and becoming a demonstration project of China-Indonesia energy cooperation.



Shanghai Electric and Sarawak State Government of Malaysia Explore New Opportunities in Southeast Asia's New Energy Market

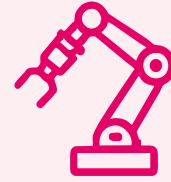
In 2025, Shanghai Electric and Sarawak, Malaysia, held in-depth exchanges on further deepening cooperation in the field of energy. Meanwhile, Shanghai Electric, together with the Sarawak State Government and Three Gorges International Energy Investment Group Co., Ltd., signed a Memorandum of Understanding on the Cooperation of the 1000MW Bakun Reservoir Floating Photovoltaic Project in Sarawak. Relying on Sarawak's unique conditions for water photovoltaic development, the three parties will promote the development of more than 1GW of water photovoltaic installed capacity in the area where Bakun Reservoir is located, jointly helping Sarawak build a new energy power generation center in Southeast Asia. This marks a new stage in the green energy cooperation between China and Malaysia under the framework of the Belt and Road Initiative.



Signing Ceremony of Cooperation Agreement

Industrial Civilization

Industrial heritage is a vivid carrier of the history of industrial and technological development, and an important resource of history, culture and economic development. Shanghai Electric has thoroughly implemented the spirit of documents such as the Measures for the Administration of National Industrial Heritage, and systematically promoted the protection and revitalization of industrial heritage, aiming to inherit industrial civilization, carry forward the industrial spirit, and innovate and develop industrial culture.



In 2025, we actively responded to and supported the construction of the Shanghai Industrial Museum, and launched a special collection of industrial heritage. A total of 113 relevant old objects and old pieces of equipment have been retrieved and sorted out. At the same time, we have initially established a standardized storage and preservation process for industrial objects, laying a solid foundation for subsequent exhibition and utilization. This series of work has not only preserved precious industrial memories for the city, but also contributed corporate strength to promoting the spread of industrial culture and enhancing industrial value.



Appendix I Key Performance Indicators

Environmental Performance

Indicator	2023	2024	2025	Unit
Greenhouse Gas Emissions and Intensity				
Scope 1 Greenhouse Gas Emissions	80,450.61	86,106.17	89,825.90	Tonnes of CO ₂ equivalent
Scope 2 Greenhouse Gas Emissions	249,622.53	250,411.78	295,527.03	Tonnes of CO ₂ equivalent
Scope 1 & Scope 2 Greenhouse Gas Emissions	330,073.14	336,517.95	385,352.93	Tonnes of CO ₂ equivalent
Scope 1 & Scope 2 Greenhouse Gas Emission Intensity	287.53	289.64	304.20	Tonnes of CO ₂ equivalent / RMB100 million of operating revenue
Scope 3 (Category 6: Business Travel) Greenhouse Gas Emissions	/	/	974.75	Tonnes of CO ₂ equivalent
Scope 3 (Category 7: Employee Commuting) Greenhouse Gas Emissions	/	/	17,234.96	Tonnes of CO ₂ equivalent
Scope 3 (Category 11: Use of Sold Products) Greenhouse Gas Emissions	/	/	382,153,384.10	Tonnes of CO ₂ equivalent
Energy Consumption and Intensity				
Purchased Electricity	54,503.76	54,939.88	61,373.00	10,000 kWh
Green Electricity	/	/	15,995	10,000 kWh
Of which: On-site Rooftop PV Power Generation	/	/	1,543	10,000 kWh
Of which: PV Power Supplied via Energy Performance Contracting	/	/	2,992	10,000 kWh
Of which: Externally Purchased Green Electricity	/	/	11,460	10,000 kWh
Natural Gas	3,550.01	3,935.92	4,072.00	10,000 m ³
Diesel	995.95	292.93	313.00	Tonnes
Gasoline	230,170.36	34,048.00	361,379.31	Liters
¹ Direct Energy Consumption	48,911.91	52,810.87	54,999.18	Tonnes of standard coal
² Indirect Energy Consumption	66,985.13	67,521.11	75,427.42	Tonnes of standard coal
Comprehensive Energy Consumption	115,897.04	120,331.98	130,426.60	Tonnes of standard coal
Unit Output Value Energy Consumption	0.0101	0.0104	0.0103	Tonnes of standard coal / RMB10,000 of operating revenue
Water Resource Consumption and Wastewater Discharge				
Water Resource Consumption	3,701,273.11	3,298,263.72	3,144,588.00	Tonnes
Unit Output Value Water Consumption	0.3224	0.2839	0.2482	Tonnes / RMB10,000 of operating revenue

¹Direct energy consumption includes natural gas, gasoline and diesel consumption.

²Indirect energy consumption refers to purchased electricity consumption.

Indicator	2023	2024	2025	Unit
Water Effluents Discharge Volume	1,707,169.41	1,766,930.63	1,484,557.32	Tonnes
Of which: Discharged to Municipal Pipe Network	1,707,169.41	1,766,930.63	1,484,557.32	Tonnes
Water Effluents Recycling Volume	1,014,345.70	1,256,761.00	1,306,565.75	Tonnes
Chemical Oxygen Demand (COD)	52.91	43.12	36.44	Tonnes
Ammonia Nitrogen	7.71	6.17	2.36	Tonnes
Exhaust Gas Emissions				
Nitrogen Oxide (NO _x) Emissions	50.61	51.06	41.42	Tonnes
Sulfur Oxide (SO _x) Emissions	0.71	0.92	0.54	Tonnes
Particulate Matter (PM) Emissions	26.36	39.31	48.54	Tonnes
VOCs Emissions	55.75	28.82	34.86	Tonnes
Waste Discharge				
Total Hazardous Waste Volume	3,377.10	3,761.78	4,584.40	Tonnes
Total Disposed Hazardous Waste Volume	3,377.10	3,761.78	4,440.28	Tonnes
Total Recycled/Reused Hazardous Waste Volume	/	/	165.27	Tonnes
Total Non-Hazardous Waste Volume	68,863.53	69,229.40	85,708.10	Tonnes
Total Disposed Non-Hazardous Waste Volume	68,863.53	69,229.40	7,890.29	Tonnes
Total Recycled/Reused Non-Hazardous Waste Volume	/	/	77,821.38	Tonnes
Hazardous Waste Intensity	2.9	3.2	3.62	Tonnes / RMB100 million of operating revenue
Non-Hazardous Waste Intensity	59.99	59.58	67.66	Tonnes / RMB100 million of operating revenue
Packaging Materials				
Wood	116,670.26	104,255.94	146,231.49	Tonnes
Iron Brackets	4,674.95	4,523.65	4,851.69	Tonnes
Iron Boxes	31.92	41.27	33.40	Tonnes
Cardboard Boxes	3,830.82	18,635.99	16,486.84	Tonnes
Plastic	696.93	1,871.53	2,393.65	Tonnes
Others	28,898.37	28,197.65	35,651.53	Tonnes
Packaging Material Consumption Intensity	134.85	135.58	162.34	Tonnes / RMB100 million of operating revenue

Indicator	2023	2024	2025	Unit
Environmental Compliance Management				
Total Environmental Protection Investment	7,002.41	8,421.46	11,237.43	RMB10,000
Of which: Capital Investment	/	/	2,518.86	RMB10,000
Of which: Expenditure	/	/	8,718.57	RMB10,000
Major Fines for Violating Environmental Laws and/or Regulations	0	0	0	Cases
ISO 14001 Certification Coverage Rate of Key Production Enterprises	100	100	100	%

Social Performance

Indicator	2023	2024	2025	Unit
Basic Employee Information				
Total Number of Employees	42,190	40,260	43,074	Persons
Labor Contract Signing Rate	100	100	100	%
Social Insurance Contribution Rate	100	100	100	%
Number of Employees by Gender				
Male Employees	32,688	31,156	34,634	Persons
Female Employees	9,502	9,104	8,440	Persons
Number of Employees by Age				
Under 30 Years Old	11,341	10,467	7,730	Persons
30-39 Years Old	12,950	12,165	14,471	Persons
40-49 Years Old	10,775	10,576	12,854	Persons
50 Years Old and Above	7,124	7,052	8,019	Persons
Number of Employees by Region				
Local (Shanghai)	21,474	21,466	23,185	Persons
Non-Local (Mainland China excluding Shanghai)	17,744	15,773	16,195	Persons
Overseas	2,972	3,021	3,694	Persons
Number of Employees by Employment Type				
Full-Time Employees	42,190	40,260	43,074	Persons
Part-Time Employees	0	0	0	Persons

Indicator	2023	2024	2025	Unit
Basic Information of New Employees				
Total Number of New Employees	2,134	2,115	2,239	Persons
Number of New Employees by Gender				
Male Employees	1,637	1,576	1,688	Persons
Female Employees	497	539	551	Persons
Number of New Employees by Age				
Under 30 Years Old	1,297	1,278	1,363	Persons
30-39 Years Old	643	642	641	Persons
40-49 Years Old	165	167	211	Persons
50 Years Old and Above	29	28	24	Persons
Number of New Employees by Region				
Local (Shanghai)	1,488	1,278	1,312	Persons
Non-Local (Mainland China excluding Shanghai)	646	837	927	Persons
Overseas	0	0	0	Persons
Employee Turnover Rate				
³ Overall Turnover Rate	3.37	3.32	3.15	%
Employee Turnover Rate by Gender				
Male Employee Turnover Rate	2.59	2.57	2.34	%
Female Employee Turnover Rate	0.78	0.75	0.81	%
Employee Turnover Rate by Age				
Under 30 Years Old	1.16	1.21	0.89	%
30-39 Years Old	1.76	1.70	1.28	%
40-49 Years Old	0.35	0.32	0.67	%
50 Years Old and Above	0.10	0.09	0.31	%
Employee Turnover Rate by Region				
Shanghai	2.77	2.67	1.52	%
Non-Shanghai	0.60	0.64	1.63	%

³Annual Employee Turnover Rate = Total Number of Employees Leaving the Company in the Year / (Total Number of Employees at the Beginning of the Year + Total Number of Employees Joining the Company in the Year)

Indicator	2023	2024	2025	Unit
Employee Diversity				
Proportion of Female Employees in All Management Levels	42.1	41.8	37.4	%
Proportion of Female Employees in Senior Management	28.1	27.3	27.2	%
Proportion of Female Employees in Junior Management	29.9	29.9	29.9	%
Proportion of Female Employees in All Revenue-Generating Department Management Positions	/	/	26.6	%
Proportion of Female Employees among STEM-qualified Employees	/	/	20.6	%
Employee Training				
Training Coverage Rate	98.66	98.61	100	%
Total Training Investment	10,600	10,784	11,552	RMB10,000
Average Training Hours per Employee	38.14	36.32	47.32	Hours
Average Training Hours per Employee by Gender				
Average Training Hours for Male Employees	34.08	32.40	45.38	Hours
Average Training Hours for Female Employees	49.03	47.71	55.25	Hours
Average Training Hours per Employee by Employee Level				
Average Training Hours for Senior Management	111.4	118	118	Hours
Average Training Hours for Middle Management	71.1	69	69	Hours
Average Training Hours for General Employees	65.49	58	59	Hours
Occupational Health and Safety				
Workdays Lost Due to Work-Related Injuries	7,850	3,570	670	Days
Number of Work-Related Fatalities	1	0	0	Persons
New Cases of Occupational Diseases	0	0	0	Cases
ISO 45001 Certification Coverage Rate of Key Production Enterprises	100	100	100	%
Charitable Public Welfare				
Total Charitable Donations	508.8	513.1	501	RMB10,000

Governance and Economic Performance

Indicator	2023	2024	2025	Unit
Operations				
Operating Revenue	1,142.18	1,154.56	1,266.79	RMB100 million
Tax Contribution	48	52	56	RMB100 million
Innovation and R&D				
R&D Investment	53.81	56.94	62.51	RMB100 million
Proportion of R&D Investment to Operating Revenue	4.71	4.93	5.0	%
Number of R&D Personnel	13,419	13,397	14,306	Persons
Proportion of R&D Personnel	31.81	33.28	33.21	%
Patents				
Cumulative Number of Valid Patents	6,935	6,823	7,646	Pieces
Cumulative Number of Invention Patents	2,931	3,276	3,800	Pieces
Supply Chain				
Number of Suppliers	29,523	36,182	42,742	Suppliers
Customer Satisfaction (Percentage Scale)		93.37	95.6	Points
Business Ethics				
Percentage of Employees Trained in Business Ethics	/	/	100	%
Percentage of Operating Sites with Internal Audits/ Risk Assessments Conducted on Business Ethics Issues	/	/	100	%

Appendix II Index to the Guidelines for Self-Regulatory Supervision No. 14 for Listed Companies on the Shanghai Stock Exchange – Sustainability Report (Trial)

Dimension	Issue	Corresponding Clause
Environment	Addressing Climate Change	5.3 Addressing Climate Change
	Pollutant Emissions	5.2 Environmental Compliance Management
	Waste Disposal	5.2 Environmental Compliance Management
	Ecosystem and Biodiversity Conservation	5.5 Biodiversity Conservation
	Environmental Compliance Management	5.2 Environmental Compliance Management
	Energy Utilization	5.4 Energy and Resource Utilization
	Water Resource Utilization	5.2 Environmental Compliance Management
	Circular Economy	5.2 Environmental Compliance Management
Society	Rural Revitalization	6.1 Rural Revitalization
	Social Contribution	6.2 Public Welfare Donations
	Innovation-Driven Development	2.1 Independent Innovation
	Technology Ethics	1.4 Risk Management 2.1 Independent Innovation
	Supply Chain Security	3.2 Supply Chain Management
	Equal Treatment of SMEs	3.2 Supply Chain Management
	Product and Service Safety and Quality	2.3 Quality Management
	Data Security and Customer Privacy Protection	1.6 Information Security and Privacy Protection
Governance	Employees	4.1 Employment and Rights 4.2 Training and Development 4.3 Occupational Health and Safety
	Due Diligence	3.2 Supply Chain Management
	Stakeholder Communication	Assessment of Material Sustainability Issues
	Anti-Commercial Bribery and Anti-Corruption	1.5 Business Ethics
	Anti-Unfair Competition	1.5 Business Ethics

Appendix III Index to the Environmental, Social and Governance Reporting Code of the Hong Kong Stock Exchange

Main Category, Aspect, General Disclosure and Key Performance Indicator		Disclosure Chapter
A. Environment		
Aspect A1	Emissions	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	5.2 Environmental Compliance Management 5.3 Addressing Climate Change
KPI A1.1	The types of emissions and respective emissions data.	Appendix 1.1 Environmental Performance
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 1.1 Environmental Performance
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 1.1 Environmental Performance
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	5.1 Strengthening Management System 5.2 Environmental Compliance Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	5.1 Strengthening Management System 5.2 Environmental Compliance Management
Aspect A2	Use of Resources	
General Disclosure	Policies on effective use of resources (including energy, water and other raw materials). Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	5.2 Environmental Compliance Management 5.4 Energy and Resource Utilization
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix 1.1 Environmental Performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix 1.1 Environmental Performance
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	5.4 Energy and Resource Utilization
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	5.2 Environmental Compliance Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Appendix 1.1 Environmental Performance
Aspect A3	Environment and Natural Resources	
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	5.2 Environmental Compliance Management 5.4 Energy and Resource Utilization 5.5 Biodiversity Conservation
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5.2 Environmental Compliance Management 5.4 Energy and Resource Utilization 5.5 Biodiversity Conservation

Main Category, Aspect, General Disclosure and Key Performance Indicator Disclosure Chapter

Society

Aspect B1	Employment	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4.1 Employment and Rights
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix 1.2 Social Performance
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix 1.2 Social Performance
Aspect B2	Health and Safety	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.3 Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix 1.2 Social Performance
KPI B2.2	Lost days due to work injury.	Appendix 1.2 Social Performance
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.3 Occupational Health and Safety
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.2 Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix 1.2 Social Performance
KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix 1.2 Social Performance
Aspect B4	Labour Standards	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.1 Employment and Rights
KPI B4.1	Description of measures to review recruitment practices to avoid child labour and forced labour.	4.1 Employment and Rights
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Employment and Rights
Aspect B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks in the supply chain.	3.2 Supply Chain Management
KPI B5.1	Number of suppliers disaggregated by region.	Appendix 1.2 Social Performance

Main Category, Aspect, General Disclosure and Key Performance Indicator		Disclosure Chapter
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	3.2 Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.2 Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.2 Supply Chain Management
Aspect B6	Product Responsibility	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.3 Quality Management 2.4 Customer Service
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.3 Quality Management
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	2.4 Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.2 Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	2.3 Quality Management
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	1.6 Information Security and Privacy Protection
Aspect B7	Anti-Corruption	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.5 Business Ethics
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1.5 Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	1.5 Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	1.5 Business Ethics
Aspect B8	Community Investment	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6.1 Rural Revitalization 6.2 Public Welfare Donations 6.3 Cultural Silk Road 6.4 Industrial Civilization
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6.1 Rural Revitalization 6.2 Public Welfare Donations 6.3 Cultural Silk Road 6.4 Industrial Civilization
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Appendix 1.2 Social Performance

Main Category, Aspect, General Disclosure and Key Performance Indicator Disclosure Chapter

D: Climate-Related Disclosures

Climate-Related Disclosure Requirement	Description	Disclosure Chapter
Governance	(a) The governance body(s) responsible for oversight of climate-related risks and opportunities	5.3 Addressing Climate Change
	(b) Management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	5.3 Addressing Climate Change
Strategy	Business model and value chain	5.3 Addressing Climate Change
	Strategy and decision-making	5.3 Addressing Climate Change
	Strategies and decisions	5.3 Addressing Climate Change Note: 1) In response to Item 22, the Group has invested resources as needed to procure relevant equipment or carry out actions in accordance with the established targets, and has not yet formulated a complete resource allocation plan.
	Financial position, financial performance and cash flows	5.3 Addressing Climate Change
Risk Management	Climate Resilience	5.3 Addressing Climate Change
	(a) The processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks	5.3 Addressing Climate Change
	(b) The processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities)	5.3 Addressing Climate Change
	(c) The processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer’s overall risk management process	5.3 Addressing Climate Change
Indicators and Targets	Greenhouse Gas Emissions	Appendix 1.1 Environmental Performance
	Climate-Related Transition Risks	5.3 Addressing Climate Change
	Climate-Related Physical Risks	5.3 Addressing Climate Change
	Climate-Related Opportunities	5.3 Addressing Climate Change
	Capital Deployment	Note: Based on the current operational status, no data statistics have been conducted.
	Internal Carbon Prices	Note: Based on the current operational status, no internal carbon pricing has been implemented.
	Remuneration	Note: Based on the current operational status, the Group has not yet incorporated climate-related considerations into its remuneration policies.
	Industry-based and Cross-Industry Indicators	Note: Considering the relatively limited environmental impact of the Group’s business model and the limited relevance of some cross-industry and industry-specific indicators to understanding the Group’s climate-related performance, these indicators are not disclosed.
	Climate-Related Targets	5.3 Addressing Climate Change Note: For 38(a), based on the current operational status, no third-party verification has been conducted on the targets.

Appendix IV List of Major Subsidiaries Covered in Environmental Data

Serial No.	Company
1	Shanghai Electric Power Generation Equipment Co., Ltd. Shanghai Turbine Plant
2	Shanghai Electric Power Generation Equipment Co., Ltd. Shanghai Generator Plant
3	Shanghai Electric Power Generation Equipment Co., Ltd. Shanghai Power Station Auxiliary Equipment Plant
4	Shanghai Boiler Works Co., Ltd.
5	Shanghai Electric Group Shanghai Electric Machinery Co., Ltd.
6	Shanghai Electric SHMP Special Equipment Co., Ltd.
7	Shanghai Electric Blower Works Co., Ltd.
8	Shanghai Electric Gas Turbine Co., Ltd.
9	Shanghai Electric Power Generation Equipment Co., Ltd.
10	Shanghai Electric Nuclear Power Equipment Co., Ltd.
11	Shanghai No.1 Machine Tool Works Co., Ltd.
12	Shanghai Electric SHMP Casting & Forging Co., Ltd.
13	Shanghai Electric KSB Electric Pump & Valve Co., Ltd.
14	Shanghai Electric Wind Power Group Co., Ltd.
15	Shanghai Feihang Electric Wire & Cable Co., Ltd.
16	Shanghai Huapu Cable Co., Ltd.
17	Shanghai Electric Group Tengen Technology (Suzhou) Co., Ltd.
18	Shanghai Electric Group (Zhangjiagang) Transformer Co., Ltd.
19	Shanghai Electrical Apparatus Co., Ltd. Renmin Electrical Apparatus Works
20	Shanghai Electric Power Electronics Co., Ltd.
21	Shanghai Dahua Electrical Equipment Co., Ltd.
22	Shanghai Najie Electrical Equipment Co., Ltd.
23	Wujiang Transformer Co., Ltd.
24	Shanghai Machine Tool Works Co., Ltd.
25	Baojie Automation Equipment (Shanghai) Co., Ltd.
26	Huizhou Yinghe Technology Co., Ltd.
27	Shanghai Electric Hydraulics & Pneumatics Co., Ltd.
28	Wuxi Transparent Blade Co., Ltd.
29	Shanghai Tool Works Co., Ltd.
30	Shanghai Tian'an Bearing Co., Ltd.
31	Shanghai United Rolling Bearing Co., Ltd.
32	Shanghai Zhenhua Bearing General Factory Co., Ltd.
33	Shanghai High Strength Bolt Factory Co., Ltd.
34	Nedschroef Fasteners (Kunshan) Co., Ltd.
35	Shanghai Mitsubishi Elevator Co., Ltd.

