CHINA SHANSHUI CEMENT GROUP LIMITED
中國山水水泥集團有限公司
(於開曼群島註冊成立的有限公司)
(股份代號：691)

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China Shanshui Cement Group Limited

Environmental, Social and Governance (ESG) Report



2025

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01 About the Report

This Environmental, Social and Governance Report (the "Report") mainly presents the annual performance of China Shanshui Cement Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group", "Shanshui Group" or "China Shanshui Group") in relation to Environmental, Social and Governance ("ESG") matters for the year 2025, enabling stakeholders to better understand the Group's sustainability philosophy, management approach, measures and related performance. This Report should be read in conjunction with the "Corporate Governance Report" section of the China Shanshui Cement Group Limited 2025 Annual Report ("2025 Annual Report") for a comprehensive understanding of the Group's ESG performance.

Reporting Period

Unless otherwise stated, the Report's reporting period is consistent with the 2025 Annual Report of the Group, which is from 1 January 2025 to 31 December 2025 (the "Reporting Period"). Where necessary, certain sections extend beyond the aforesaid period so as to enhance the comparability of the Report.

Reporting Organizational Scope

The scope of the Report is determined with reference to factors including operational control and financial materiality. Unless otherwise stated, the Report covers the Company and its subsidiaries, and the reporting scope of the Report remains the same as the previous reporting period. Unless otherwise stated, all information disclosed in the Report was sourced from the Group's documents and statistical reports, and the currency mentioned was Renminbi ("RMB").

Reporting Guideline

The Report was prepared based on the ESG Reporting Code under Appendix C2 to the Rules Governing the Listing of Securities (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited (the "SEHK"). Moreover, it was prepared based on the principles of materiality, quantitative, balance and consistency to determine and disclose its contents. The Report was prepared in accordance with the "Mandatory Disclosure Requirements", "Comply or Explain" provisions, and the "Climate-related Disclosures" set out in the ESG Reporting Code issued by the SEHK.

In the process of preparing the Report, the Group's application of the above reporting principles was as follows:

Materiality

Identify the material issues related to the Group during the Reporting Period through materiality assessment, and then prepare the Report with the focus on the identified material issues;

Quantitative

Disclose the standards and methods used in the relevant data calculation in the Report and disclose the applicable assumptions or calculation tools;

Balance

The Report presents the Group's performance during the Reporting Period in an impartial manner, avoiding choices, omissions or presentation formats that may unduly influence the decisions or judgments of the readers of the Report;

Consistency

The preparation method of the Report is basically the same as that in previous years. Explanations are made for the data where there are changes in the scope of disclosure and calculation methodology.

Access to the Report

The Report is published in two languages - Traditional Chinese and English. If there is any inconsistency between the two versions, the Traditional Chinese version shall prevail. You are welcome to obtain the Traditional Chinese and English versions of the Report in a PDF format at the Company's website, www.sdsunnsygroup.com, and SEHK's HKEX news website, www.hkexnews.hk.

Comments and Feedbacks

If there are any comments or feedback for the Group's ESG report, you are welcome to contact the Group.

Address: Room 1912, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong

Email: sdssdshbgs@sdshanshuigroup.com

02 Chairman's Statement

After years of dedicated effort during the "14th Five-Year Plan" period, the tide of comprehensive reform surges forward. At this critical stage of supply-side structural reform, achieving a harmonious balance between economic, social, and environmental benefits has become an inevitable requirement for high-quality development—a principle that is fully aligned with the core tenets of ESG. Cement serves as both the structural backbone of our cities and a cornerstone of civilization. With decades of deep cultivation in the cement industry, the Shanshui Group has consistently upheld a long-term vision. We tackle development challenges with practical action, meet risks and challenges with resilience, and drive transformation and upgrading with innovation, advancing unwaveringly on the journey toward high-quality development.

Forging ahead against the current – stabilising the overall development amidst cyclical changes. The Group always responds to external uncertainties with the certainty of its own efforts, maintaining a stable foundation amidst complex environments while continuously honing its resilience and capacity to navigate market cycles. We remain committed to strengthening our core business by driving improvements across the entire value chain to enhance efficiency and reduce costs, with lean management and technological upgrading as the two driving forces. Multiple technical indicators reached their highest levels in nearly a decade, effectively countering market pressures. We continue to explore diversified pathways for breakthroughs, steadily optimising the product mix and expanding the product portfolio while securing the main front. Notably, differentiated products such as speciality cement achieved breakthrough growth, allowing us to compete in the blue ocean market. We consistently prioritise benefits, proactively revitalising existing resources and implementing a series of measures, including optimising production capacity layout, revitalising idle assets, and coordinating resource allocation to unlock the potential of dormant assets.

Stimulating growth drivers – consolidating the development foundation through simultaneous promotion of new initiatives and rectification of old practices. Facing the dual challenges of transformation development and industry changes both internally and externally, the Group persists in strengthening itself and deepening governance reforms to fully stimulate internal momentum. We break new ground through reforms, focusing on the goal of "integrating efficiency, effectiveness and benefits" and comprehensively advancing systematic reforms featuring a flat organisational structure, specialised operations and regional segmentation. The resultant framework has become more rational, with significantly enhanced management efficiency. We streamline processes through digital intelligence, concentrating on system platform integration and optimisation, thereby laying a solid foundation for promoting the integration of business and finance. We create a new chapter through green development, actively promoting the implementation of 13 ultra-low emission technological transformation projects and successfully piloting the Pingyin Shanshui intelligent mining project. With continuous improvement in energy efficiency, we have become more effective and impactful in our efforts to put the principle that "lucid waters and lush mountains are invaluable assets" into practice.

Collaboration and symbiosis – consolidating development synergy through value co-creation. The Group works hand in hand with all parties towards the goal of sustainable and harmonious ecological relationships. We remain customer-centric, adhering to the philosophy of "quality first, service foremost" and continuously burnishing a series of premium brands, including "Shanshui Dongyue" and "Gongyuan". Our high-quality products and full-lifecycle services have earned us market trust. We deepen transparent procurement practices, improve the supplier access mechanism, and establish a stable and mutually beneficial industrial ecosystem with upstream and downstream partners. We maintain open communication channels with investors, customers, employees and other stakeholders, listening attentively and responding efficiently. By building consensus and promoting shared governance, we ensure that collaboration and symbiosis become an important pillar supporting corporate development. More proactively, we integrate ourselves into economic and social development by continuously carrying out public welfare initiatives such as rural revitalisation, poverty alleviation and assistance for the disadvantaged, and elderly support programmes, conveying corporate warmth through active responsibility fulfilment.

People-centric approach – pooling strength for progress through shared growth. The Group always prioritises the interests of its employees, committing to building a community of shared future where the company and individuals develop in an integrated manner. We establish platforms for talent development, improve the talent evaluation and development system, and create diversified promotion and exchange channels, ensuring that capable individuals are placed in suitable positions and those who take on responsibilities are supported. Focusing on enhancing employee competence, we actively organise labour skills competitions, safety drill trainings and academic advancement programmes to help every employee pursue career development and value enhancement. We provide thoughtful and meticulous care for employees by continuously improving the office environment and enhancing welfare benefits, thereby constantly strengthening their sense of belonging, happiness and identification. The Group firmly believes that only by enabling every Shanshui employee to gain respect and achieve development within the company can we gather inexhaustible momentum to drive the enterprise forward.

Amidst mountains and rivers, we keep advancing steadily; along the great path, we stride together towards the future. The Group is well aware that a first-class enterprise is not only a contributor to the economy, but also a builder and participant in environmental and social progress. Standing at a new starting point for development, the Group will continue to anchor on high-quality development as its core mission, using green and low-carbon initiatives to define the transformation trajectory, stimulating internal momentum through reform and innovation, and pooling forward-looking synergy through shared benefits and common prosperity. While strengthening and excelling in our main business and building a first-class building materials enterprise, we will inject vitality into industry advancement, contribute to the betterment of people's lives, and strive to write a new chapter in Shanshui's high-quality development in the new era.

03 About the Group

3.1 Group Profile

China Shanshui Group is a large enterprise group focusing on the production of cement and clinker, and integrating the production and sales of commercial concrete, aggregate, plastic profile, machinery manufacturing and maintenance, and new wall materials. The wholly owned subsidiary is Shandong Shanshui Cement Group Ltd., headquartered in Jinan, Shandong Province.

After years of rapid development, the Group' s production capacity continues to grow, the level of process technology and equipment continues to improve, and the development area continues to expand. It currently has an annual cement production capacity of approximately 100 million tonnes and an annual clinker production capacity of approximately 48 million tonnes. The Group now operates six major operating regions — Eastern Shandong, Western Shandong, Southern Shandong, Northeast China, Shanxi, and Xinjiang—and has over 110 subsidiaries (branches) distributed across more than ten provinces (municipalities and autonomous regions), including Shandong, Liaoning, Shanxi, Inner Mongolia, and Xinjiang. This has formed a market pattern characterised by "North-South Interaction" between Shandong and Northeast China and "East-West Connection" between Shandong and Shanxi, giving the Group a significant competitive advantage.

While strengthening and expanding its core cement business, the Group has actively promoted the "Cement+" business development model, shifting from expanding the scale of a single product to product diversification. At present, the prototype of the full industry chain – including aggregate, manufactured sand, commercial concrete, cement products, prefabricated building components, and cement equipment – has taken shape. The Group has been ranked among the Top 20 China Building Materials Enterprises and the Fortune China 500 for many consecutive years.

High-grade cement and commercial clinker are the Group's leading products. The cement brands under the "Shanshui Dongyue", "Shanshui Gongyuan" and "Bohai" series enjoy a high reputation in China and are widely used in national key projects such as the Beijing-Shanghai High-Speed Railway, the Jiaozhou Bay Cross-Sea Bridge, the Qingdao Jiaozhou Bay Subsea Tunnel, and the Haiyang Nuclear Power Station. The Group has been honoured with titles including National Advanced Collective in the Building Materials Industry, National May Day Labour Certificate, National Advanced Grassroots Party Organisation, National Model Employee Home, Shandong Provincial Civilised Unit, and Shandong High-end Brand Cultivation Enterprise.

Guided by the business philosophy of "people-oriented and harmonious development, green development, compliant and regulated development in accordance with laws, and win-win cooperation for sustainable development", and relying on its strong foundation, the Group is committed to continuously fulfilling its corporate purpose of "utmost quality, utmost sincere service" through advanced processes, excellent quality, superior service, a comprehensive sales network, robust production and supply capabilities, and expert-level technical support.

3.2 Annual ESG Performance Highlights

Environmental Aspect	• Invested RMB 333 million in environmental technology transformation • Significant reduction in emissions of air pollutants and greenhouse gases • Water recycling rate exceeded 97% • Coal consumption per tonne of clinker decreased by 7.6 kg year-on-year • 100% compliant disposal of hazardous waste • A total of 27 green mines at the provincial level and above, including 9 national mines and 18 provincial mines
Social Aspect	• 0 work-related employee fatalities • In terms of health and safety, a total of 16,286 safety training sessions were conducted with 337,334 participants (person-time); 1,287 emergency drills (covering scenarios such as falls from height, heat stroke, chemical burns, poisoning and suffocation, etc.) were carried out with 20,272 participants (person-time) • Number of employees trained: 11,843 persons; average training hours per employee reached 27.51 hours • Total amount of employer liability insurance paid for front-line employees reached RMB 1.67 million • RMB 3.32 million invested in public welfare and charity, with over 120 volunteer service activities totalling more than 1,500 hours
Governance Aspect	• In terms of anti-corruption, the Group organised over 60 visits to clean government education bases, arranged more than 240 viewings of educational videos, invited experts and scholars to deliver 69 reports on Party conduct and clean governance, conducted 25 integrity knowledge quizzes, organised 337 study sessions on disciplinary inspection-related policies and documents, and held 28 integrity-themed essay competitions. A total of 11,712 participants (person-time) received integrity education. • 0 incidents of bribery, extortion, fraud or money laundering

04

Improving Governance and Continuous Communication

4.1 Board Statement

The Group understands the importance of good corporate governance, including governance of ESG-related issues that are crucial to sustainable development. The board of directors of the Company (the "Board") reviewed and approved the Report on April 29, 2026, and confirmed that the Report is true, accurate and complete.

Supervision on ESG

The Board is responsible for overseeing and approving the Group's ESG management approach and strategy, and is also involved in identifying, evaluating, prioritizing and managing important ESG issues. To strengthen the ESG management system and enhance the management and supervision of ESG issues, the Board established an Environmental, Social and Governance (the "ESG Committee") and an Environmental, Social and Governance Working Group (the"ESG Working Group") to take specific responsibility for the implementation of the relevant work. The Group monitors industry developments and best practices to assess the competencies and skill sets of ESG Committee members, and arranges ESG training for members where appropriate. For details, please refer to the section headed "Sustainable Development Management".

Management Approach and Strategy

Materiality Assessment

The Board participates in identifying, assessing, prioritizing and managing material ESG-related issues. Based on its sustainability strategy, the Group conducts a materiality assessment of ESG issues once a year. reviews and confirms the material ESG-related issues, takes these into account when formulating its overall strategy and supervises the management and performance of such issues. For details, please refer to the section "Materiality Assessment".

ESG and Climate Risks

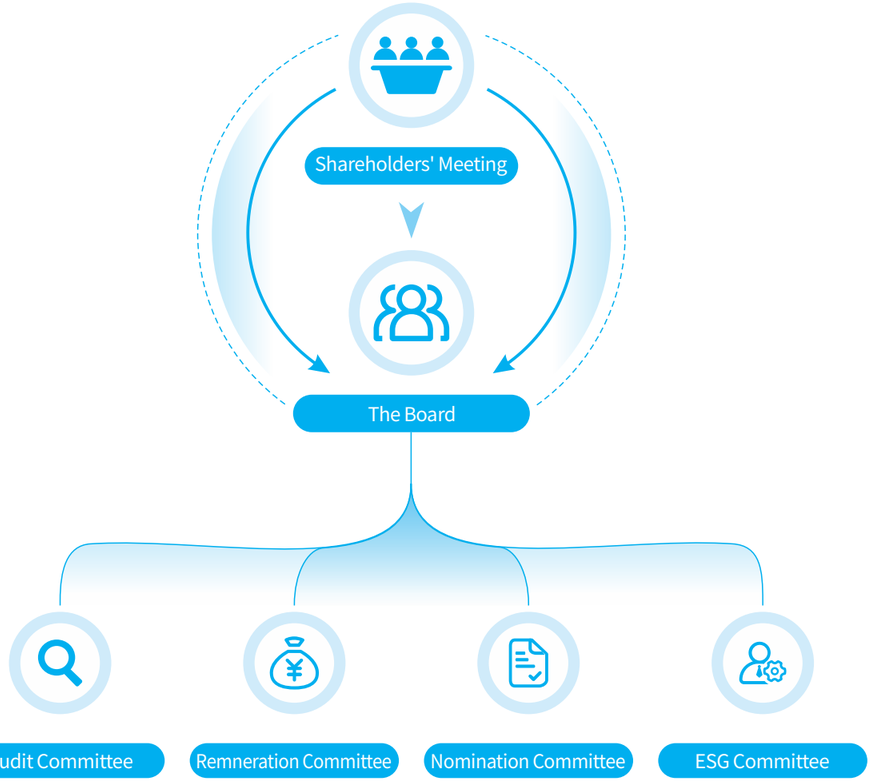
The Board has responsibilities to ensure that the Group has established an appropriate and effective ESG and climate risk management and internal control system. During the Reporting Period, the Group continued to carry out ESG and climate risk identification and assessment and implemented targeted risk management measures. For details, please refer to the sections of "Sustainability Development Management" and "Addressing Climate Change".

ESG Targets

The Board is responsible for approving the Group's ESG targets and reviewing the progress of the targets. During the Reporting Period, the Group implemented and recorded action measures under the guidance of the objectives and action plans established in 2025, with an aim to reduce the impact on the environment. For details, please refer to the sections "Managing Emission Strictly" and "Optimizing the Use of Resource".

4.2 Corporate Governance

The Group is committed to maintaining a high standard of corporate governance. Good standards of corporate governance are one of the essential elements for the sustainable development of an organization and provide an underlying framework for the enhancement of corporate value, the formulation of business strategies and policies, the promotion of transparency and the enhancement of accountability. The Board has established four committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the ESG Committee, to oversee specific aspects of the Company's affairs. The Group has been actively building a diversified Board. As at the end of the Reporting Period, the Board comprised a total of six directors, including three executive directors and three independent non-executive directors. For more details, please refer to Corporate Governance Report in 2025 Annual Report.



In order to improve the ESG management system and strengthen the management and supervision of ESG and climate change matters, the Board further revised the terms of reference of the ESG Committee during the Reporting Period. The specific responsibilities are set out in the Terms of Reference of the Environmental, Social and Governance Committee.

4.3 Sustainable Development Management

The Group has established a hierarchical sustainability governance structure with clear responsibilities to enhance the management of ESG matters. The Group has established an ESG Committee, approved by the Board of Directors on April 21, 2023, and has set up an ESG Working Group as the executive body of the ESG Committee. The members of the Committee all possess extensive industry experience.

The ESG Committee must regularly report to the Board of Directors and assign specific tasks to the ESG Working Group, including but not limited to preparing the annual ESG report, monitoring ESG performance, identifying ESG and climate-related risks, and comprehensively executing the Group' s ESG activities. To facilitate the integration of ESG management into production and operational practices, the ESG Committee is required to hold at least two meetings annually to dynamically track progress on ESG goals. Through regular participation in ESG (including climate risk) learning, the ESG Committee continuously enhances its forward-looking understanding of climate risks and opportunities, thereby optimizing implementation plans. Key ESG indicators are incorporated into the scope of daily monitoring, and reports are regularly submitted to the Board. At the Board meeting immediately following an ESG Committee meeting, the Chair of the ESG Committee must report the ESG Committee deliberations and recommendations to the Board, enabling the Board to exercise ongoing oversight of the ESG Committee's performance.The Group, with the approval of the Board of Directors on March 15, 2024, amended the terms of reference of the ESG Committee.



The duties of the ESG Committee shall include

- Assist in and manage the Group's ESG and climate change matters and report any significant issues to the Board;
- Provide guidance on and formulate the Group's ESG vision, goals, strategies and structure, and review and monitor the Group's ESG and climate change strategies, policies and practices to ensure that they align with the Group's needs and comply with the applicable laws, regulations and regulatory requirements and meet the international standards;
- Identify and determine the priorities of the key topics on the Group's ESG risks, and make recommendations to the Board;
- Establish risk management and internal control systems, such as ESG and climate change policies and programs, to manage and mitigate ESG and climate change-related risks and opportunities;
- Formulate the Group's ESG and climate change management performance targets, review the progress made in implementing the targets, and make recommendations to improve performance;
- Review and approve annual ESG reports;
- Perform other ESG and climate change-related tasks at the request of the Board, including but not limited to providing recommendations on integrating ESG and climate change considerations into the review and monitoring of the Group's strategies, key action plans, annual budget and performance targets;
- Coordinate any other ESG and climate change-related work as may be assigned by the Board.

4.4 Compliance Operation

The Group strictly complies with the Audit Law of the People' s Republic of China, the Accounting Law of the People' s Republic of China and the Company Law of the People' s Republic of China and other relevant laws, and formulated an internal management system for the auditing work and auditing of the completion of construction works, and continued to improve the internal auditing supervision and internal control mechanism of the Group, to strengthen its risk management and to ensure its compliance with the rules and regulations of the operation.

The Group is committed to establishing and improving the corporate governance structure and has put in place a sound risk management and internal monitoring system with the aim of effectively controlling risks. The audit department of the Group monitors and checks the implementation of the risk management and internal control system. Through regular or irregular special audits of the Group' s business activities, the internal control system has been effectively implemented, the level of risk management has been continuously improved, and the quality of operations has been continuously upgraded.

The Group has continued to formulate and improve the corporate internal control system, and actively carried out assessments of the effectiveness of internal control implementation. By strengthening internal control management, the Group has effectively enhanced its corporate internal control management, and realized the systematization, legalization and standardization of internal control. Through compliance training, the Group has cultivated a compliance atmosphere with full participation of all staff. During the Reporting Period, the functional departments (Legal and Compliance Department, Marketing Center, Audit Department, Production and Technology Department, etc.) of the Group formulated and improved 10 business-related internal control systems, including the Administrative Measures for Travel Expenses (2025 Revision). By combining risk control with business depth and following a comprehensive approval process, different segments and functional departments were involved in the whole process of risk control to ensure that the Group' s business interactions were lawful, compliant and efficient. During the Reporting Period, the Group organized 3 compliance training sessions to establish the concepts of full compliance, active compliance and substantial compliance. The Group requires all staff to strictly comply with laws and regulations and the Company' s management system, and to put compliance work into practice. The Group has also made the review of legal compliance a mandatory pre-procedure for the operation and management and has fully implemented its review duties.

ESG risk management is an important element in risk management. Since 2021, the Group has carried out the identification and assessment of ESG risks annually. During the Reporting Period, on the one hand, the Group continued to review ESG risks and their management in 2024, and on the other hand, it identified and evaluated other possible material ESG risks by analyzing the megatrends, business operations and environment as well as the status of industry peers. The working steps are as follows:

Steps	Details
1	Updating and developing the ESG risk list, and identifying the most relevant ESG risks faced by the Group
2	Inviting specialists from corresponding functional departments of the Group to assess ESG risks
3	Analyzing the results of the survey to determine material ESG risks and formulate corresponding suggestions for actions
4	Reviewing and confirming ESG risk assessment results by the Board or the Management

The Group finally assessed and identified four material ESG risks with high priority and formulated and implemented management measures in a targeted manner.

Material ESG Risks	Internal Management Measures
Policy risk	• Actively seeking to implement alternative fuels and alternative raw materials for carbon reduction to meet the energy conservation and carbon reduction targets required by relevant policies; • Establishing and improving the organizational structure of carbon emission trading, actively responding to the inclusion of the cement industry in the national carbon trading market; • Carrying out ultra-low emission work according to the environmental protection requirements of various provinces and cities, and planning and coordinating the implementation progress of subsidiaries (branches).
Natural Disasters	• Implemented seasonal risk early warning management, issuing specific safety management documents based on the characteristics of different periods such as summer and winter, clarifying prevention and control measures, and guiding all subsidiaries to proactively prevent risks related to natural disasters; • Established a flexible working mechanism for extreme weather, allowing flexible adjustment of commuting times or work-from-home arrangements when encountering severe weather such as rainstorms or blizzards; • Promoted a regular emergency drill mechanism, continuously conducting drills for various emergencies to comprehensively enhance overall emergency response capabilities.
Social Risks in Supply Chain Management Environmental Risks in Supply Chain Management	• Migrated supplier access qualification review to online platforms. By using TianYanCha, the Group can quickly and accurately obtain authentic supplier information, such as their reputation and environmental protection and safety penalties, to conduct background checks and preliminary screenings of suppliers regarding environmental and social risks; • For construction units entering the site, require them to sign a safety agreement and specify safety requirements during the bidding process; • Procure energy-saving and consumption-reducing products; • Uphold the principle of transparent procurement. Staff involved in bidding must strictly adhere to business codes and professional ethics. Contact information for supervision and reporting is provided to accept oversight from all sectors of society.

In the future, the Group will continue to improve the construction and implementation of risk management and internal control systems with reference to SEHK' s guidelines for listed companies' risk management and internal control system guidelines.

4.5 Deepening anti-corruption management

China Shanshui Group strictly complies with the relevant laws and regulations on the prevention of bribery, extortion, fraud and money laundering, including but not limited to the Criminal Law of the People' s Republic of China, the Anti-Money Laundering Law of the People' s Republic of China and the Securities Law of the People' s Republic of China. During the Reporting Period, the Group has not violated any of the above relevant laws and regulations on prevention of bribery, extortion, fraud and money laundering, and there was no corruption litigation case filed and concluded against the Group or the employees of the Group.

In order to effectively strengthen integrity governance and create an environment of integrity and honesty, the Group takes the implementation of its clean governance accountability framework as a starting point, continuously improves the disciplinary and supervision system, the integrity risk register and the problem supervision register, carries out follow-up supervision, targeted supervision, and full-process supervision, and deeply integrates the Party's conduct and clean governance and anti-corruption efforts with the Group's production and business operations, so as to promote the Party's clean governance and anti-corruption efforts and deliver enhanced outcomes and provide disciplinary guarantees for the Group's sustained high-quality development. The Group formulated the Discipline Inspection and Supervision Work System of the Shanshui Group (Trial) and the Handling of Letters and Reports Operational Procedures of the Shanshui Group (Trial) to realize the standardization and regularization of the management of the disciplinary work and the handling of letters and reports. In addition, the Group strictly enforces the four systems, including the Regulations on Integrity and Self-discipline of Leading Party Members of the Shanshui Group and the Supervision and Monitoring Policy for Leading Party Members of the Shanshui Group, as well as internal systems such as the Shanshui Group' s Regulations on the Work of Letters, Visits and Reporting and the Reporting Policy, which call on all employees to adopt a zero-tolerance attitude towards all kinds of bribery and corruption in business transactions and to report all forms of disciplinary offences. The Group has established and maintained channels for reporting and employee supervision by setting up dedicated e-mail addresses, complaint telephone numbers and reception locations, etc., ensuring the smooth flow of channels for reporting, proactively accepting supervision from employees, seriously handling employees' letters, calls and visits, patiently listening to employees' aspirations, and carrying out investigations into reported cases in a serious manner.

The workflow of the letter reporting process is explained

01	02	03
Each department, operating region, and subsidiary (branch) shall register and report incoming visits, phone calls, letters, and mails in accordance with regulations.	All relevant departments, operating regions and subsidiaries (branches) are required to provide timely replies to the issued raised.	The Discipline Office provides timely feedback on the handling of letters, calls and visitors.

The Group attaches importance to anti-corruption education and actively organizes and carries out various forms of thematic education and training to create an atmosphere of professional integrity, to further enhance the vigilance and sensitivity of the Board of Directors, management and employees to corruption, and to provide timely reminders on integrity during festive seasons and holidays, so as to "prevent the occurrence of problems before they happen".

During the Reporting Period, the Group organized over 60 visits to integrity warning education bases, arranged more than 240 viewings of warning education videos, invited experts and scholars to deliver 69 reports on Party conduct and clean governance, conducted 25 integrity knowledge quizzes, organized 337 study sessions on discipline inspection-related systems and documents, and held 28 integrity-themed essay competitions. In total, more than 11,712 person-times received warning education. The signing rate of the integrity and self-discipline commitment letters for Group personnel at the supervisor level and above reached 100%. All department heads and above in each subsidiary (branch) have completed integrity talks. The coverage rate of warning education for personnel at the supervisor level and above within the Group, its operating regions, and its subsidiaries (branches) reached 100%. Furthermore, the Group promoted the integration of integrity principles into daily work and family life, producing and distributing over 15,000 integrity supervision reporting cards and integrity self-discipline reminder cards, and issuing a "Family Support for Integrity" proposal letter to all employees.

more than
11,712
person-times
received warning education



Shuozhou Shanshui held a special report on integrity education in June 2025



Personnel from the Group headquarters visited the Qilu Bank Warning Education Base to receive training on May 27, 2025

4.6 Stakeholders Communication

The Group actively maintains communication with all stakeholders to understand about their opinions and expectations on the Group' s sustainable development performance. The Group organized relevant ESG work to respond to the opinions and expectations of stakeholders.

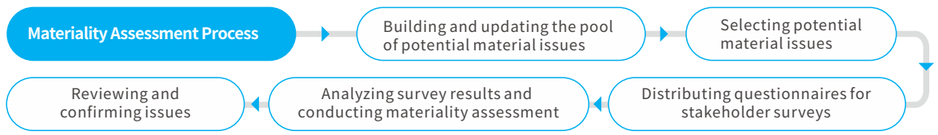
The Group identified its major stakeholders based on "the degree to which the Group influences them" and "the degree of influence on the Group" in order to facilitate more targeted communication. The Group communicated through various channels and formulated relevant actions to respond to the expectations of all parties.

The major stakeholders identified by the Group during the Reporting Period include shareholders, investors and creditors, employees, government, customers, suppliers and the community and the public. The following is a summary of the communication between the Group and its major stakeholders:

Stakeholders	Expectation	Communication Channels	Frequency	Actions of the Group
Shareholders, investors and creditors	‣ Business capability ‣ Profitability ‣ Corporate governance	‣ Shareholders' meetings ‣ Regular reports ‣ Results announcements	Annual/quarterly/ irregular	‣ Increasing production and operation quality and sustainable profitability ‣ Continuously optimizing corporate governance ‣ Conducting regular communication and strengthening information disclosure
Employees	‣ Employee rights and benefits ‣ Occupational health and safety ‣ Training and development	‣ Employment contracts ‣ Employee activities ‣ Training courses	Regular/irregular	‣ Constantly improving the human resource management system and protecting employee rights and benefits ‣ Improving employee occupational health and safety work ‣ Proactively implementing training to foster employees' knowledge and skills
Government	‣ Legal compliance ‣ Compliant operation ‣ Implementation of national policies	‣ Policy formulation ‣ Work reporting ‣ Information disclosure	Regular/irregular	‣ Strictly complying with laws and regulations and proactively cooperating with regulatory departments ‣ Strengthening corporate compliance operation
Customers	‣ Product quality ‣ Service guarantee ‣ Product research and development	‣ Customer feedback mechanism ‣ Customer service ‣ The Company' s website	Annual/quarterly/ irregular	‣ Enhancing the quality assurance system to guarantee product quality ‣ Improving the customer service and feedback mechanism ‣ Promoting technological research and innovation and digital applications to increase production efficiency and response efficiency
Suppliers	‣ Fair and just procurement ‣ Cooperation with mutual benefits ‣ Sustainable win-win situation	‣ Contracts and agreements ‣ Meetings ‣ Supplier assessment	Regular/irregular	‣ Strengthening procurement management measures and ensuring fair and transparent bidding and procurement processes ‣ Fulfilling contracts and agreements ‣ Holding procurement meetings for communication
Community and the public	‣ Community investment ‣ Harmonious development ‣ Environmental protection	‣ Community support ‣ Community visits ‣ Philanthropic activities	Regular/irregular	‣ Carrying out community support activities, such as visits and consolation activities ‣ Proactively organizing community-oriented activities including volunteer programs ‣ Implementing environmental protection work ‣ Providing disaster assistance

4.7 Materiality Assessment

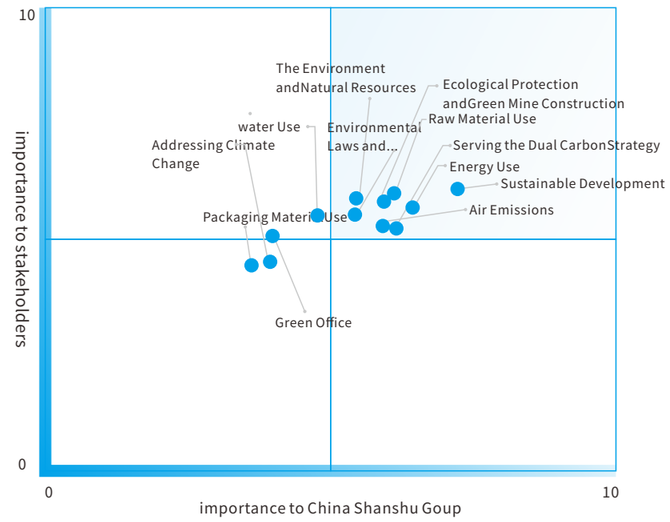
During the Reporting Period, in order to better understand the important views of stakeholders on the Group' s ESG issues, and to respond to their concerns and demonstrate corresponding performance in a targeted manner, the Group conducted the materiality assessment of ESG issues based on the principle of "Materiality".



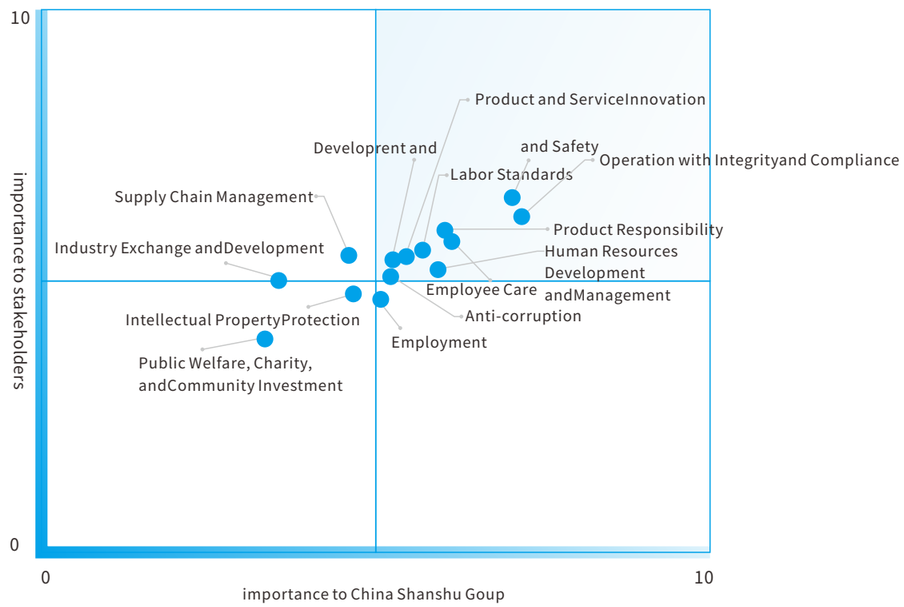
The Group divided ESG issues into environmental and social aspects, and invited major stakeholders such as employees, customers and suppliers to rank the material issues in the form of questionnaires based on two dimensions of "Importance to China Shanshui Group" and "Importance to stakeholders". Based on the results, a materiality assessment matrix was established to preliminarily screen the issues of higher importance under each level.

Based on the materiality assessment results, the Group conducted internal review and confirmation on the issues of higher importance initially screened. The Directors of the Board actively participated in the materiality assessment, evaluating and prioritizing the potential material issues with the management of the Group from the perspective of "Importance to China Shanshui Group". The results were combined with the opinions of stakeholders such as employees, customers and suppliers. Hence, 17 issues were finally determined as material issues (including 8 environmental issues and 9 social issues). These issues have been approved by the Board and have been taken as the key considerations when conducting ESG work. The Report will focus on the disclosure of material issues.

Environmental Aspect Materiality Assessment Matrix



Social Aspect Materiality Assessment Matrix



Material Issues in Environmental Aspect

1. Sustainable Development
2. Energy Use
3. Ecological Protection and Green Mine Construction
4. Raw Material Use
5. The Environment and Natural Resources
6. Serving the "Dual Carbon" Strategy
7. Air Pollutant Emissions
8. Environmental Laws and Regulations

Material Issues in Social Aspect

1. Health and Safety
2. Operation with Integrity and Compliance
3. Product Responsibility
4. Employee Care
5. Labor Standards
6. Human Resources Development and Management
7. Product and Service Innovation
8. Development and Training
9. Anti-corruption

05

Low-carbon Development and Fulfilling the Dual Carbon Commitments

5.1 Environmental Management

The Group firmly believes that a stable ecological environment is the cornerstone for the healthy development of the enterprise. As a cement company, we shoulder a high level of responsibility for environmental protection and strictly comply with the relevant laws and regulations and industry standards related to environmental protection in our operating regions, including but not limited to the Environmental Protection Law of the People' s Republic of China, the Law of the People' s Republic of China on Prevention and Control of Air Pollution and the Law of the People' s Republic of China on Prevention and Control of Water Pollution. The Group formulated the Guiding Opinions on Promoting Carbon Peak Achievement Work, which set out the implementation steps and targets for carbon reduction based on the industry situation and technology level, and promoted environmental management work in an orderly manner in order to proactively implement the requirements of the national "Dual-Carbon" policy. Meanwhile, the Group has taken the Environmental Protection and Energy Management System of the Shanshui Group as a means to regulate environmental protection and energy use in production and operation.

During the Reporting Period, the Group coordinated the promotion of ecological environment protection and economic development, strictly enforced staggered peak production and adopted emergency emission reduction measures during severely polluted weather. At the same time, the Group actively conducted an ultra-low emission transformation and upgrading plan in the cement industry, continuously increased environmental protection investment, improved environmental protection facilities, and upgraded pollution prevention and control equipment, in order to achieve pollution control and emission reduction that is precise, scientific and lawful.

In order to comprehensively strengthen the ecological and environmental protection work and effectively improve the level and quality of environmental protection work, the Group has established a leading group for environmental protection work, and continuously obtained external certification for the environmental management system, low-carbon products and green plants and so on. As of the end of the Reporting Period:

90 subsidiaries of the Group have obtained external ISO 14001 environmental management system certifications, and 77 subsidiaries have obtained external ISO 50001 energy management system certifications;

A total of 11 subsidiaries have been assessed as Grade B enterprises in the performance grading of heavy pollution weather key industries; 22 subsidiaries have been assessed as leading enterprises in the performance grading of heavy pollution weather key industries; a total of 28 national-level "green factories" and 16 provincial-level "green factories".

During the Reporting Period, the Group continued to advance its ultra-low emission transformation work, with a total annual special investment in environmental protection of approximately RMB 353 million. In the first half of the year, the focus was on upgrading existing production lines and compliance assessment. The Group completed on-site ultra-low emission transformations for 8 companies, including Shanshui Heju, Linfen Shanshui, Taiyuan Shanshui, and Tianjin Shanshui, while simultaneously advancing the assessment work for 10 other companies, with a total investment of RMB 19.396 million. Mid-year, the Group made an additional investment of RMB 333 million, initiating SCR denitrification transformation projects for 13 enterprises, including Anqiu Shanshui, Pingyin Shanshui, and Zibo Shanshui. This further deepens the Group's nitrogen oxide treatment capabilities, laying the foundation for achieving long-term, low-carbon, and green operations.



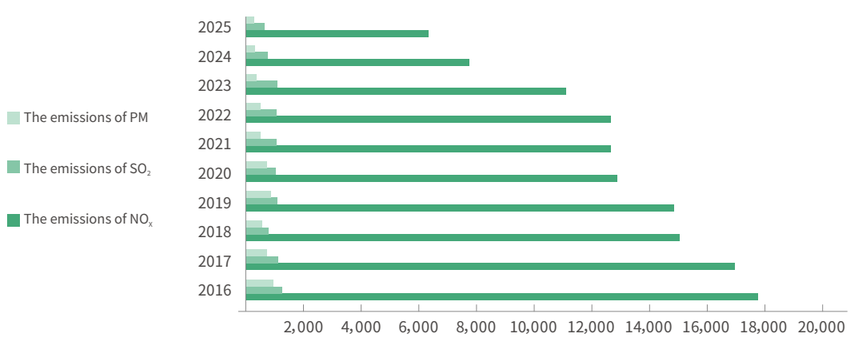
5.2Managing Emission Strictly

Air Pollutants

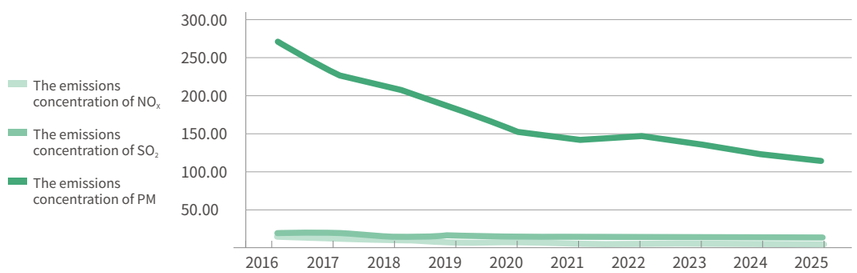
The Group attaches great importance to the management of air pollutant emissions. The Group generates air pollutants during operations, which mainly include NO_x, SO_2 and particulate matter (PM). The Group ensures that its cement and clinker production subsidiaries are issued with pollutant discharge permits, and regularly entrusts independent environmental monitoring agencies to monitor emissions.

During the Reporting Period, compared with 2024, the Group's NO_x and SO_2 emissions continued their downward trend. NO_x emissions were 6,588.56 tonnes, a year-on-year decrease of 19.8%; SO_2 emissions were 639.10 tonnes, a year-on-year decrease of 23.97%; PM emissions amounted to 237.04 tonnes, representing a year-on-year decrease of 24.93%. Compared with 2024, the emission concentrations of NO_x, SO_2, and PM also continued their downward trend. The NO_x emission concentration was 113.72 mg/m³, a year-on-year decrease of 6.93%; the SO_2 emission concentration was 10.87 mg/m³, a year-on-year decrease of 6.93%; and the PM emission concentration was 2.92 mg/m³, a decrease of 18.48%. The average emission concentrations also showed a significant downward trend.

Total Emission of Main Pollutants in China Shanshui Group (in Tonnes)



Trend of Average Emission Concentration of Main Pollutants in China Shanshui Group(in mg /m3)



Indicators	Unit	Targets By 2030	Targets By 2025	2025	2024	2023
Basic Information						
Clinker production	Tonnes	\	\	29,829,780.31	34,716,955.60	41,711,290.12
Air Pollutants[1]						
NO_x emission	Tonnes	\	\	6,589.94	8,214.80	11,136.01
SO_2 emission	Tonnes	\	\	639.10	840.56	1,120.12
PM emission	Tonnes	\	\	237.04	315.75	360.05
The Emission Intensity of Air Pollutants						
The emission intensity of No_x	g/tonne of clinker	150.00	265.00	229.97	236.62	266.98
The emission intensity of So_2	g/tonne of clinker	21.00	24.80	21.43	24.21	26.85
The emission intensity of PM	g/tonne of clinker	8.00	12.00	7.95	9.10	8.63

The Group will continue to reduce the emission of air pollutants in its production. The Group has achieved all the targets set in 2022 for the emission of air pollutants by 2025.

Building on this foundation, during the Reporting Period, the Group further formulated long-term emission reduction targets for 2030 covering all its clinker production enterprises: taking emission intensity as the core indicator, the goal is to achieve by 2030 an emission intensity for NOx, SO_2, and PM of no more than 150 g/t clinker, 21 g/t clinker, and 8 g/t clinker, respectively. To facilitate the achievement of these targets, the Group commits to completing ultra-low emission transformations for the remaining 34 operational kilns by 2030, and implementing differentiated control measures based on the characteristics of different pollutants:

- NO_x Control: Taking SCR deep denitrification technology as the core measure, continuously promoting the upgrading and transformation of production lines.
- SO_2 Control: Synergistically focusing on both source control of raw and fuel material quality and the stable operation of desulfurization facilities.
- PM Control: Focusing on the maintenance and management of dust collection equipment, strengthening the foundation of daily operations.

Through the coordinated advancement of technological upgrades and refined management, the Group will fulfill its medium- to long-term environmental commitments with practical actions. During the Reporting Period, the Group did not have any environmental pollution accidents or environmental protection violations.

[1]As the Group' s air pollutant emissions mainly came from the clinker production process, the pollutant-related performance included all 31 clinker production enterprises of the Group, and the data was derived from the monitoring data of the projects.The figures for PM emissions and emission intensity for the year 2024 have been revised.

Greenhouse Gas Emissions

The Group is well aware that green and high-quality development of the cement industry plays a significant role in the promotion of green development in China. The Group strictly implements the requirements of the "14th Five-Year Plan"and actively responds to the national strategic goal of "Dual-Carbon". In accordance with the national Implementation Plan for Carbon Dioxide Peaking in the Building Materials Industry and the Group's internal systems such as the Shanshui Group Carbon Asset Management Regulations, the Management Regulations for Carbon Emission Accounting and Reporting, and the Management Regulations for Carbon Emission Verification, the Group will promote carbon emission reduction from five aspects, which are reducing production from source and reducing solid waste, applying energy saving and consumption reduction technology, promoting alternative energy, improving solid waste utilization ratio, and practicing green development concept. Moreover, the Group monitors and records GHG emission data on a monthly basis, and continuously reduces the carbon intensity of products to ensure carbon dioxide peaking by 2030 and carbon neutrality by 2060.

Indicators	Unit	Targets By 2026	Targets By 2025	2025[2]	2024	2023
Greenhouse Gas Emission[3]						
Total carbon dioxide emissions (Scope 1 and Scope 2)	tCO_2	/	33,620,000	23,523,701	34,580,465	35,293,079
Carbon emission intensity (Scope 1 and Scope 2)[4]	tCO_2/ tonne of clinker production	0.79	0.85	0.79	0.81	0.85
Scope 1	tCO_2	/	/	22,830,510.42	33,219,049	34,238,385
Scope 2[5]	tCO_2	/	/	693,191.48	1,361,416	1,054,694
Scope 3 - Business travel (high-speed rail)	tCO_2	/	/	31.73	/	/
Scope 3 - Business travel (air travel)	tCO_2	/	/	362.02	/	/
Scope 3 - Downstream transportation	tCO_2	/	/	121,015.73	/	/

During the Reporting Period, the Group has achieved all the targets set in 2022 for greenhouse gas emissions. At the same time, the Group actively responded to the national policy transition from dual control over the volume and intensity of energy use to dual control over the volume and intensity of carbon emissions. Under the national deployment, the 15th Five-Year Plan period (2026–2030) will fully implement a dual control system covering both total carbon emissions and carbon intensity, and will make the reduction of carbon intensity a binding indicator for national economic and social development.

At the same time, low-capacity operations resulting from industry-wide capacity control measures may reduce coal utilization efficiency, and consequently drive up standard coal consumption per tonne of clinker. In response to this challenge, the Group will take proactive actions through process improvements, energy structure optimization, and technological upgrades. Adhering to a pragmatic and prudent approach, the Group is committed to controlling its carbon emission intensity (Scope 1 and Scope 2) to no more than 0.79 tonnes of CO_2 per tonne of clinker produced in 2026[6]. While this target is consistent with the 2025 performance level, it demonstrates the Group's pragmatic commitment to the proactive management of carbon intensity through technology upgrades and management optimization, despite the objective challenges posed by low-capacity operations.

[1]In response to government and industry policies, the Group implemented staggered peak production, resulting in a year-on-year decrease in clinker production of 4.89 million tonnes and a corresponding reduction in total carbon dioxide emissions.
[2]As the Group's greenhouse gas emissions mainly came from the clinker production process, the data scope only included all 31 clinker production companies. The calculation of the Group's Scope 1 greenhouse gas emissions is based on the Ministry of Ecology and Environment's Accounting Method and Reporting Guideline for Greenhouse Gas Emissions of Cement Production Enterprises in China. Scope 1 greenhouse gas emissions mainly originate from the use of coal and diesel.
[3]This indicator is a commonly used production indicator of the Group.
[4]The calculation of the Group's Scope 2 greenhouse gas emissions is based on the Announcement on the Release of 2023 Electricity Carbon Dioxide Emission Factors jointly issued by the Ministry of Ecology and Environment and the National Bureau of Statistics , using a location-based method. The main source of Scope 2 greenhouse gas emissions is purchased electricity.
[5]The carbon intensity targets currently set by the company refer to gross greenhouse gas emission targets. The targets set were not derived using a sectoral decarbonisation approach and have not been validated by a third party.

Waste

The Group attaches great importance to the standardization of the harmless disposal process of solid waste and hazardous waste, by taking effective measures to ensure that hazardous waste is treated professionally, safely and effectively. Meanwhile, the Group' s subsidiaries promote efficient recycling of non-hazardous waste to reduce the negative environmental impact caused by waste. During the Reporting Period, the Group achieved the recycling of non-hazardous wastes and 100% compliant disposal of hazardous wastes.

Environmental Targets (Taking 2025 as the base year)	Indicators	Action Plan
Reducing the amount of pollutants generated, ensuring harmless treatment of the pollutants produced; Co-processing social waste.	1.Considering the successive commissioning of new SCR systems and the subsequent replacement of SCR catalysts after 2028, the amount of hazardous waste generated in 2030 cannot be predicted at present. 2.Co-processing 25,000 tonnes of contaminated soil, domestic waste, and municipal sludge in 2030.	1.Strengthening internal control; recycling general waste as a resource; achieving full harmless treatment of general waste; signing contracts with qualified recyclers holding a "Hazardous Waste Operation Permit" for hazardous waste to ensure proper disposal. 2.Disposing of external hazardous waste at companies with qualification for co-processing in cement kilns.

The hazardous waste generated by the Group is mainly the waste engine oil from the replacement of large gearboxes, while the non-hazardous waste is mainly general production and domestic waste. The Group follows the national environmental protection requirements to dispose of waste in accordance with the principle of "Classified Collection, Separate Zoning/Storage, Self-Utilization":

General Industrial Solid Waste Disposal

Refining classification and appropriate disposal to achieve full recycling and reuse of non-hazardous waste. Hazardous waste generated, such as waste oil drums and waste reagent containers, is managed by signing contracts with legitimate recycling companies holding a Hazardous Waste Operating License to ensure the waste undergoes professional, safe, and effective non-hazardous treatment, thereby minimizing the negative environmental impact caused by waste.

Domestic waste disposal

Regulating the behavior of employees to achieve the classification and collection of domestic waste. Centralized collecting domestic waste and disposal of all domestic waste in kiln factories. The grinding plants and other plants sign disposal agreements with the local environmental sanitation departments, entrusting them with cleaning and disposal and services;

Hazardous Waste Management

The Group strictly follows the requirements of the Directory of National Hazardous Wastes and the Standard Management Indicator System for Hazardous Wastes, focusing on both source reduction and end-of-life compliant disposal to achieve environmental impact monitoring of hazardous waste throughout its life cycle. By establishing oil product management ledgers and addressing equipment leaks to extend oil life, the Group reduces waste oil generation. For SCR catalysts, the total waste volume is reduced by optimizing operation and maintenance, strengthening front-end control, and extending service life. At the end-of-life disposal stage, the plants have built temporary storage rooms for hazardous waste that meet the standards, entrusted qualified third parties for treatment, and strictly implemented the hazardous waste transfer form system to ensure the disposal process is legal and compliant.

Treatment Volume in 2025 (Tonnes)

Waste Oil	Waste Oil Drums	Waste SCR Catalysts
54.8	15.37	146.19

5.3 Optimizing the Use of Resource

Energy

The Group strictly complies with relevant standards and document requirements, such as the Limits to Energy Consumption Per Unit of Cement Production, the Catalogue for the Elimination of High-energy-consuming and Outdated Mechanical and Electrical Equipment (Products) (1st to 4th batches), and the Environmental Protection and Energy Management System of the Shanshui Group, to continuously deepen the construction of its energy management system.

Environmental Targets (Taking 2025 as the base year)	Indicators	Action Plan
Improve energy efficiency, reduce energy consumption, and comply with the national energy consumption quota standard Gb16780.	Standard for energy consumption limits per unit of product	1.Carry out modifications to coal feeding pipelines, staged combustion systems, and fans; 2.Use coal-saving catalysts and coal combustion enhancers; 3.Optimize material mix ratios; 4.Increase the use of alternative fuels; 5. Implement measures such as sealing and plugging leaks to improve the efficiency of coal and electricity use and reduce energy consumption.

In terms of fuel structure optimization, the Group adheres to the principles of "Diversification, Full Coverage, and Emphasis on Practical Results," actively promoting the application of alternative fuels to break through the bottleneck of sole reliance on traditional fuels. During the Reporting Period, the Group used a total of 319,000 tonnes of alternative fuels, achieving a year-on-year decrease of 7.6 kilograms in coal consumption per tonne of clinker, demonstrating significant results in alternative fuel utilization.

In terms of clean energy substitution, the Group actively explores the application of renewable energy sources such as photovoltaics. During the Reporting Period, Dalian Shanshui implemented a photovoltaic power generation project using an energy management contract model, with a total installed capacity of 6.6 MW. In the future, the Group will continue to closely follow national energy policies and fully consider the feasibility of implementing wind and solar power storage projects.

In terms of energy efficiency improvement, the Group adopts multiple measures to continuously optimize energy utilization efficiency. Plans include implementing technological upgrades such as coal feeding pipeline modifications, staged combustion system optimization, and fan upgrades. The application of coal-saving catalysts and coal combustion enhancers, combined with measures like optimizing material ratios and sealing system leaks, effectively enhances energy efficiency.

With the core strategy of "Reducing Carbon at the Source, Lowering Carbon During the Process, and Sequestering Carbon at the End", the Group focuses on three key areas: clean energy substitution, fuel structure optimization, and energy efficiency improvement, aiming to build a multi-energy complementary green energy system.

Through the coordinated advancement of the above initiatives, the Group's various energy management-related efforts have achieved significant results, realizing a synergistic win-win situation for economic, ecological, and social benefits.

Indicators		Unit	Targets By 2025	2025	2024	2023
Use of Resources[7]						
Indirect Energy	Electricity consumption[8]	kWh in '000s	/	2,919,083.98	3,163,892.98	3,835,518.43
	Electricity consumption per tonne of clinker production[9]	kWh in '000s	0.053	0.050	0.052	0.054
	Electricity consumption per tonne of cement production[10]	kWh in '000s	/	0.063	0.064	0.071
Direct Energy	Raw coal consumption	kWh in '000s[11]	/	22,472,765.63	27,553,487.76	33,465,024.23
	Raw coal consumption per tonne of clinker production[12]	Tonnes	/	0.107	0.114	0.117
	Standard coal consumption per tonne of clinker production[13]	Tonnes	0.1014	0.093	0.098	0.0986
Total energy consumption		kWh in '000s[14]		25,391,849.61	30,717,380.74	37,300,542.67
Resource Recycling						
Electricity generated from waste heat recovery		kWh in '000s	/	1,043,689.91	1,200,939.62	1,403,069.13
Proportion of waste heat power generation in clinker enterprise electricity consumption		%	/	69.38	66.82	62.92

[7]As some subsidiaries of the Group did not engage in production activities, the resource consumption data included data of 75 companies of the Group, including kiln-grinding enterprises (including kiln enterprises) and grinding enterprises. The calculation of unit conversion involved in the calculation of direct and indirect energy consumption is set out based on the General Principles of Comprehensive Energy Calculation (GB/T 2589-2008).

[8]Electricity consumption includes purchased electricity and residual heat power generation.

[9]This indicator is a commonly used production indicator of the Group.

[10]This indicator is a commonly used production indicator of the Group.

[11]In order to comply with the disclosure requirements of the relevant regulatory requirements, the Group conducted the "kWh in' 000s" unit conversion according to the General Principles for Calculation of Comprehensive Energy Consumption GBT2589-2020.

[12]This indicator is a commonly used production indicator of the Group.

[13]This indicator is a commonly used production indicator of the Group.

[14]In order to comply with the disclosure requirements of the relevant regulatory requirements, the Group conducted the "kWh in '000s" unit conversion according to the General Principles for Calculation of Comprehensive Energy Consumption GBT2589-2020.

Utilizing Resources Comprehensively

The Group attaches great importance to the comprehensive utilization of resources in the production process and actively consumes industrial waste. It has reached cooperation with local steel and chemical plants to collaboratively recycle industrial waste. By establishing a rigorous full-chain waste management mechanism, the Group achieves refined classification and full recycling and reuse of general waste. For hazardous waste such as waste oil drums and waste reagent containers, the Group strictly selects compliant recycling companies holding a Hazardous Waste Operating License for professional non-hazardous disposal, minimizing the environmental impact to the greatest extent.

The Group effectively uses converter slag and electric furnace slag produced by iron and steel companies, fly ash and desulfurized gypsum from coal-fired power plants, and sulfuric acid slag and fluor gypsum from chemical plants. Among these, sulfuric acid slag, converter slag, and steel slag are used as raw meal materials, replacing traditional iron raw materials, while fly ash replaces natural shale as an aluminum raw material. Fly ash and coal-fired slag are used as cement mixtures, and desulfurized gypsum replaces natural dihydrate gypsum. Through advanced production technology, the Group processes the above-mentioned wastes to produce various types of high-quality cement. While reducing the environmental pollution caused by industrial solid waste, this approach turns waste into valuable resources, offering both circular economic benefits and socio-environmental value.

Meanwhile, the Group follows regulations such as the Technical Specifications for Environmental Protection in Collaborative Disposal of Solid Waste of Cement Kilns and the Technical Specifications in Collaborative Disposal of Solid Waste of Cement Kilns. Leveraging its own technological advantages, the Group actively promotes the co-processing of cement kilns and comprehensively advances co-processing projects in three areas: urban and rural domestic waste, municipal sludge, and industrial hazardous waste. By creating a complete solid waste disposal solution, the Group contributes to green development while fulfilling its social responsibilities.

Indicators	Unit	2025	2024	2023
Total solid waste utilization	10 thousand tonnes	1,810.38	1,679.79	2,416.33
Packaging bags of cement	Pieces	125,309,000	136,360,000	161,360,000

Water Resource

In the process of obtaining water, the Group has always adhered to the requirements of the environmental assessment approvals and actively cooperated with local environmental protection authorities to ensure that adequate consideration has been given to the issue of water extraction and that various measures are implemented. The Group has fully considered water extraction matters during the project planning and design stages, comprehensively analyzed local water resource pressure, and adopted appropriate water extraction methods and water-saving technologies accordingly. In areas where municipal tap water is unavailable, surface water is prioritized to reduce pressure on local groundwater resources. During the Reporting Period, the Group extracted 106,900 cubic meters of mine water and rainwater, and 7.8839 million cubic meters of net fresh water. Production water is recycled; water used for waste heat power generation and equipment cooling is circulated after ensuring heat exchange efficiency without scaling. The annual recycling volume reached 363 million cubic meters, with a circulating water recycling rate of over 97%.

The Group extracted minewater and rainwater
106,900 cubic meters

Net fresh water
7.8839 million cubic meters

The annual recycling volume
363 million cubic meters

Circulating water recycling rate
97%

The treatment method for production circulating water is to prevent scaling during the circulation process so as not to affect heat exchange efficiency. During the Reporting Period, the Group achieved circulating water scale inhibition mainly through single methods or a combination thereof. First, increasing the solubility of calcium and magnesium in the circulating water. Second, using bypass adsorption to separate calcium and magnesium from the water, with the separated calcium and magnesium lumps used as raw materials for clinker firing. Third, using magnetic or electric field interference to temporarily prevent the formation of calcium carbonate and magnesium carbonate. After sedimentation, the circulating water is used for dust suppression measures such as road spraying and car washes. Domestic sewage, after treatment, is discharged into the municipal sewage pipeline. Companies that cannot connect to the municipal pipeline ensure the treated sewage meets standards for use in green space irrigation by building their own sewage treatment systems. During the Reporting Period, the Group achieved zero discharge of wastewater and implemented water resource policies in accordance with local environmental protection requirements, and was not warned or penalized by the government for water resource issues.

Indicators	Unit	2025	2024	2023
Total water consumption	Tonnes	8,009,381	9,917,957	12,257,441
Water consumption per tonne of clinker production[15]	Tonnes	0.247	0.25	0.2578
Water consumption per tonne of cement production[16]	Tonnes	0.031	0.027	0.0282

During the Reporting Period, the Group formulated relevant targets and corresponding action plans for water use for the period of 2026-2030, as follows:

Environmental Targets (Taking 2025 as the base year)	Indicators	Action Plan
Water consumption of each company complies with industrial water quota requirements, with unit product water intake for clinker production enterprises ⩽ 0.51 m^3/t, and for cement grinding stations ⩽ 0.08 m^3/t.	• By 2030, unit product water intake for clinker enterprises ⩽ 0.25 m^3/t. • During the period from 2026 to 2030, unit product water intake for clinker production at Zibo Shanshui, Yishui Shanshui, and Zaozhuang Chuangxin ⩽ 0.225 m^3/t.	• Issue the Management Regulations on Strengthening Standardized Water Use within the Group. • Strengthen monitoring of enterprise water use units to eliminate "leakage, dripping, and running" phenomena. • Improve the recycling rate of circulating water in the production system, thereby achieving the goal of reducing water intake. • Utilize treated wastewater from waste heat power generation for road spraying, material sprinkling, and vertical mill water injection.

[15]Water consumption per tonne of clinker referred to the calculated water consumption per tonne of clinker produced based on the water consumption of clinker production.
[16]Water consumption per tonne of cement refers to the water consumption per tonne of cement production based on the water consumption of cement production.Water consumption rose during the Reporting Period due to expanded greenery and enhanced cleanliness at some cement grinding sites, resulting in a higher indicator value than in previous years.

5.4 Constructing “Green and Smart” Mine

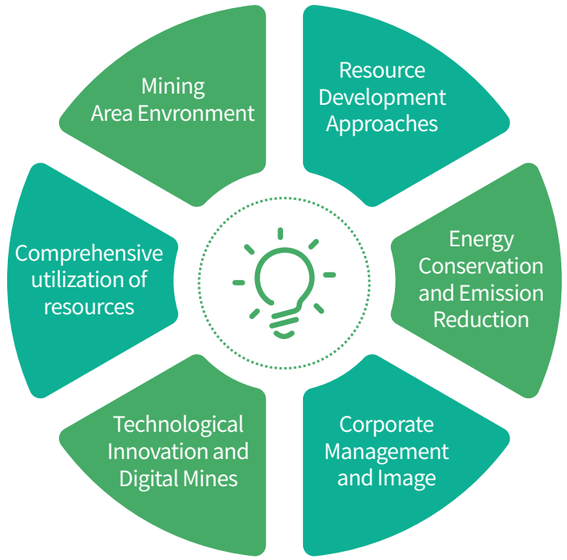
The mining of the Group adheres to the development concepts of innovation, coordination, green, openness and sharing, and always follows the principle of adapting to the local conditions in the construction of green mines to minimize the impact of mining activities on the mines and the surrounding environment, and to realize the coordination and comprehensive development of the entire process of mineral resources development.

In order to further improve the level of mine management and ensure the sustainable development of the mining subsidiaries of the Group, according to the national standards and local government requirements, such as Green Mines Construction Specification of Cement Limestone Industry(DZ/T 0318-2018), Measures for Management of Green Mine Construction of Shandong Province, and Three-year Action Plan for Green Mine Construction of Liaoning Province, the Group has established the Measures for the Management of Mine Resources (Trial) and formulated the Measures for the Management of Construction Projects (Trial), which further clarified the requirements for the construction and management of the green mines, and guided the construction work to commence accurately. The former has refined the Group’ s mine resources management system, and each operation area and clinker entserprise has arranged mine management personnel to be specifically responsible for mine resources management in accordance with the actual situation. The latter is aimed at strengthening the management of the Group’ s projects under the creation category and is applicable to the creation of safety, environmental protection, green factories and green mines. Meanwhile, the Group has also set up a mine management steering group and formed a three-tier mine management structure comprising the Group, operation areas and clinker enterprises.

Number and Proportion of Green Mines

Operating Regions	Targets By 2026	Up and Running Proportion by 2025	Up and Running Proportion by 2024	Number by 2025
Overall situation of the Group	88%	84%	81%	27
Eastern Shandong Operating Region	100%	100%	89%	9
Western Shandong Operating Region		100%	100%	2
Southern Shandong Operating Region		100%	100%	4
Northeast China Operating Region	79%	82%	82%	9
Xinjiang Operating Region		33%	33%	1
Shanxi Operating Region	67%	67%	67%	2

On the path of green mine construction, the Group integrates the green concept into every stage: design, construction, production, and closure. During the design stage, a long-term blueprint for green development is carefully laid out, laying a solid foundation for the mine's green future. During the construction stage, green facilities are built simultaneously with the main projects, solidifying the mine's green foundation. During the production stage, mining operations are strictly standardized, with continuous improvements in environmental protection technology, energy conservation, and emission reduction levels. During the closure stage, full efforts are dedicated to ecological restoration, achieving a harmonious coexistence between humanity and nature.



⋆ ⋆ ★ Achievements and highlights of professional management ★ ⋆ ⋆

- Acquired mine resources legally. During the Reporting Period, the Group has legally and newly obtained a total of 50.85 million tonnes of mining resources;
- The construction of green mines continued to expand. During the Reporting Period, the Group obtained one new green mine at the provincial level, and all re-examinations of green mines organized by the government were successfully passed. As at the end of the Reporting Period, the Group owned a total of 32 mines, 27 of which are green mines at the provincial level or above. Among them, there are 9 green mines at the national level and 18 green mines at the provincial level.

Ecologicalizing the Environment of Mines

The Group continues to practice the concept of “Lucid Waters and Lush Mountains are Invaluable Assets”. Guided by the mission of protecting the ecological environment, supported by scientific and technological innovation, and the concept of green development, the Group has always integrated green development into the whole process of development, utilization and protection of mineral resources, and further promoted the formation of a new pattern of harmonious development of regional mining sites, and harmonious development of human and nature.

Ecological restoration and management of mines is particularly important to the construction of green mines. Mine management always adheres to the concept of green development, and mine production and ecological management are organically integrated, so that “while mining, treatment and rehabilitation are carried out, development is carried out in the midst of protection, and protection is carried out in the midst of development”.

Jincheng Shanshui Mining Area Environmental Management Achieved Significant Results

Case

Adhering to the principle of "Greening Every Possible Area", Jincheng Shanshui has achieved a 100% greening rate in areas suitable for vegetation within its mine. To date, a cumulative total of over 24,000 various types of seedlings have been planted, topsoil spraying and greening have been completed on over 40,000 square meters of slopes, and 15,000 square meters of roads have been hardened, comprehensively improving the mine's ecological environment.

Concurrently, the company invested in constructing a 500 cubic meter rainwater collection pond and installed a remotely controlled high-pressure sprinkler system, achieving full coverage of sprinkler spraying in the mine area. Combined with multiple dust suppression measures such as water trucks, mist cannons, and vehicle washing pools, a wet operation system across all processes has been established. This effectively controls dust pollution, creating a clean and green mining operation environment.

Greening rate in areas suitable for vegetation
100%

Topsoil spraying and greening
over **40,000** square meters

Investing in the construction of rainwater collection pond
500 cubic meter

Planting various types of seedlings
24,000

Hardening road
15,000 square meters



Xinghao Shanshui Implements Ecological Restoration and Greening Project

Case

Since commencing operations in 2023, Xinghao Shanshui has actively advanced the construction of its green mine. A total of 4,310.7 square meters of soil covering works and 610.92 square meters of hole digging works have been carried out. A total of 1,697 pine trees have been planted, and grass seeds have been sown over 0.7275 hectares.

On July 30, 2025, the Xiangkuang East Mine successfully passed the on-site green mine inspection with a high score of 92.8 points. On September 23, it was officially included in the list of provincial-level green mines in Shandong Province.



Scientific Approach to Mining

The Group adheres to the mining principles of standardized mining and responsible mine operation.

Anqiu Shanshui Adopts Low-Impact Green Mining Technology

Case

Anqiu Shanshui strictly follows the mine design by adopting top-down benched mining to ensure safe, environmentally friendly, and efficient extraction. During the mining process, low-impact mining techniques such as multi-row millisecond delay blasting are employed to minimize disruption to the surrounding environment. When approaching the final slope, controlled blasting is used to maintain slope stability.



Using Resources Efficiently

The Group has been actively revitalizing its existing resources to meet its production requirements and is committed to the efficient use of resources. On the premise of ensuring clinker quality, it reasonably blends the amount of waste rock resources. During the Reporting Period, the Group matched the use of 6.02 million tonnes of high-magnesium and low-calcium limestone.

Managing Information Digitization

The Group adheres to the principle of “Running the mine with technology” and “Building the mine with technology” and continuously improves the level of informationization.

Pingyin Shanshui Continuously Updates the Digital Construction

Case

Pingyin Shanshui continued to increase investment on the basis of its digital mine, implementing an intelligent upgrade to create a benchmark project for autonomous driving in mining transportation. In May 2025, it achieved full-mine autonomous driving, becoming the first cement limestone mine in Shandong Province to realize autonomous driving. In August 2025, relying on this autonomous driving project, it was honored with the title of "5G Mine Factory" by the Ministry of Industry and Information Technology of the People's Republic of China.



Energy Saving and Emission Reduction in Mining Areas

During the Reporting Period, the Group actively promoted energy saving and emission reduction in each of the mines, and realized green transportation and water recycling in the mines through innovative environmental protection measures.

Pingyin Shanshui Adopts Pure Electric New Energy Transport Vehicles

Case

Pingyin Shanshui adopted pure electric new energy transport vehicles for limestone transportation, replacing traditional fuel-powered vehicles. This significantly reduces fossil energy consumption and lowers exhaust emissions, setting an example for energy conservation and emission reduction efforts in the mine.



5.5 Addressing Climate Change

During the Reporting Period, to understand the impact of climate change on the company and enhance the Group's operational and business resilience, the Group continues to refer to the international standardized framework of the Task Force on Climate-related Financial Disclosures (TCFD) and has selected the Stated Policies Scenario (STEPs) and the Net Zero Emissions by 2050 Scenario (NZE) provided by the International Energy Agency (IEA) based on the industrial characteristics, operating models and geographical fields of the Group’ s businesses. This is to identify the physical risks, transition risks, and opportunities that it may face in the short, medium, and long term.[17] The short term is defined as 1-2 years, the medium term as 3-5 years, and the long term as 6-10 years.

Type		Scenario	Scenario Description
Physical Risks	• Acute Risks • Chronic Risks	Stated Policies Scenario (STEPS)	Assuming no new policies are issued, these projections are based solely on future energy developments under current policies Under this scenario, greenhouse gas emissions continue to increase, and the probability of physical risks rises significantly.
Transition Risks and Opportunities	• Policy and Legal • Technology • Market • Reputation • Transition Opportunities	2050 Net Zero Emissions Scenario (NZE)	Assuming net-zero emissions are achieved by 2050, this would align with the goal of limiting global temperature rise to 1.5°C. Under this scenario, the probability of transition risks due to accelerated transition will exceed that of physical risks.

[17] The climate-related scenario analysis in the Report has been prepared based on all reasonable and supportable information that was available to the Group as of the reporting date without undue cost or effort.

Strategy

During the Reporting Period, the Group carried out identification and assessment work for climate risks and opportunities. It evaluated the potential impact of identified risks on financial position, business model, and value chain from two dimensions: risk vulnerability and risk influence. Five significant climate risks were confirmed, all of which are transition risks. For these five significant risks, we have organized the response measures that have been taken, as shown in the table below.The short term is defined as 1-2 years, the medium term as 3-5 years, and the long term as 6-10 years.

Risk Type		Name	Description	Scope of Risk Impact	Time Horizon of Risk Impact	Group's Response Strategy
Transition risks	Policy and Legal	Tightening National Policies and Increasing Regulatory Scrutiny	According to the requirements of the cement industry's special carbon reduction plan, by 2024, the national cement clinker production capacity needs to be controlled at approximately 1.8 billion tonnes, with the proportion of capacity above the energy efficiency benchmark level required to be no less than 30%. Simultaneously, capacity below the energy efficiency baseline level must undergo technological transformation or be eliminated. Building on this foundation, further plans aim to achieve a deep optimization of the industry's capacity layout by the end of 2030 and significantly increase the proportion of capacity meeting the energy efficiency benchmark level. It is foreseeable that constraints on total production capacity and energy efficiency access thresholds for the cement industry will continue to tighten in the future.	The production and sales of cement, clinker, aggregate, and concrete	Long-term	• Establish a hierarchical sustainability governance structure with clear responsibilities, and report regularly to the Board to ensure timely responses to policy changes. • Develop carbon reduction implementation pathways and targets based on industry trends and technological levels, in order to proactively adapt to the increasingly stringent national requirements for production capacity and energy efficiency.
		Inclusion in the Carbon Market	The cement industry has been included in the national carbon emissions trading market. Direct greenhouse gas emissions from the cement production process are now subject to control, requiring companies to begin carbon management. Associated costs will also arise, such as establishing carbon emission Monitoring, Reporting, and Verification (MRV) systems, improving the quality of carbon emission accounting and verification, and optimizing carbon allowance management.The production and sales of cement, clinker, aggregate, and concrete	The production and sales of cement, clinker, aggregate, and concrete	Long-term	• Reference the carbon price in the national carbon emissions trading market and incorporate carbon price factors into internal management decisions. Closely track policy dynamics and carbon price trends to formulate medium- to long-term low-carbon transition pathways, thereby continuously enhancing the ability to adapt to policy and carbon price changes and ensuring sustainable development. • Strengthen the quality control of carbon emission data, closely monitor the latest national policies on carbon allowance allocation, promptly assess allowance surpluses or deficits, and systematically promote the implementation of energy-saving and carbon reduction pathways, such as the use of alternative raw materials and fuels.
	Technology	Cost Investment in Low-Carbon Technologies and Equipment	Under national policy requirements, capacity below the energy efficiency baseline level must undergo technological transformation or be eliminated. Cement enterprises must increase their investment in the research and development of energy-saving, emission reduction, and carbon reduction technologies.	The production and sales of cement, clinker, aggregate, and concrete	Long-term	• Continue to increase investment in environmental protection technology upgrades to drive ultra-low emission upgrades and energy-saving and carbon reduction retrofits of production lines.The related investments reached 333 million yuan in 2025. • Optimize the energy structure and reduce dependence on fossil fuels by advancing the processing and application of alternative fuels. • Explore the development of a multi-energy complementary green energy system by introducing clean energy projects (such as photovoltaic power generation).The related investments reached 333 million yuan in 2025;
	Market	Increasing Market Demand for Low-Carbon Products	Market's requirements for low-carbon and green products are continuously increasing.	The production and sales of cement, clinker, aggregate, and concrete	Long-term	• Enrich the product matrix and meet market demand for differentiated, high-performance building materials by strengthening the research and development of specialty and specialized cements. • Enhance the low-carbon and environmental attributes of products by conducting low-carbon product and green building material product certifications.
	Reputation	Reputation Risk from High Emissions	Facing increasingly stringent environmental policies and social responsibility pressures, if the company's emissions continuously fail to meet standards or it is listed as a heavily polluting enterprise, this will directly impact the company's reputation.	The production and sales of cement, clinker, aggregate, and concrete	Long-term	• Avoid being listed as a heavily polluting enterprise due to emission issues by strictly complying with environmental regulations and ensuring zero violations. • Enhance the environmental image and social credibility by promoting environmental and energy management system certifications, as well as the selection of green factories and performance-graded enterprises.

During the Reporting Period, the Group, based on its core business model and existing climate-related practices, identified the following climate opportunities that are highly relevant to its business development and value chain.

Opportunity Type	Name	Description	Scope of Opportunity Impact	Time Horizon of Opportunity Impact	Potential Impact of the Opportunity	Opportunity Response Measures
Trainsition opportunity	Participation in the Carbon Trading Market	The state is actively developing the carbon trading market.	The production and sales of cement, clinker, aggregate, and concrete	Long-term	The development and growth of the national carbon market create opportunities for leading companies to turn emission reduction actions into actual gains. By being the first to build an advanced carbon management system and invest in deep emission reduction technologies such as energy efficiency improvement and fuel substitution, Shanshui Cement can not only reduce its own carbon emission intensity but also potentially keep actual emissions lower than the allocated carbon allowances, thus generating surplus carbon assets. This could bring additional financial benefits to the company in the future.	• Issued the Shanshui Group Carbon Asset Management Regulations to proactively prepare for the national carbon market, laying the institutional foundation for converting emission reduction achievements into carbon asset benefits; • Strengthen quality control of carbon emission data, closely monitor the latest national policies on carbon allowance allocation, and promptly assess allowance surpluses or deficits to prepare for future participation in carbon allowance trading and compliance optimization.
	Products and Services	Developing green and low-carbon cement, upgrading and retrofitting process lines.			Actively developing products such as recycled aggregate and green and low-carbon cement meets the growing market demand for environmentally friendly building materials, helping the company seize emerging markets and gain a competitive advantage. Proactively carrying out green retrofits of plants (such as improving energy efficiency and installing photovoltaics) which aligns with the green finance policy, allowing the company to grasp policy opportunities and complete the transition at a lower first-mover cost, offering a greater long-term advantage than passive compliance.	• Deepen research and development of specialty and specialized cements to expand product offerings such as specialized cements for home decoration, commercial concrete-specific applications, marine engineering, oil well, and other segments, meeting niche market demands with differentiated products to capture emerging markets; • Carry out low-carbon product and green building material product certifications to enhance the environmental attributes and market competitiveness of products, responding to market expectations for green building materials.
	Energy Structure	Adopting renewable energy sources, diversifying energy sources, and reducing the carbon footprint at the source.			Building new energy facilities such as photovoltaics and wind power in suitable production bases based on local conditions can directly reduce the cost of purchased electricity, thereby lowering overall energy expenses and operating costs. Surplus electricity can also be stored or traded in the market, creating additional revenue for the company. Furthermore, this approach reduces direct carbon emissions from fossil fuel consumption at the source, effectively controlling the growth of its own carbon footprint, thus lowering carbon management costs related to carbon allowance purchases and compliance.	• Introduce clean energy projects such as photovoltaic power generation at suitable production bases, adopting an energy management contract model to reduce purchased electricity costs and lower overall energy expenses.
	Strengthening the Use of Recycled Materials	Government support for the resource utilization of construction waste.			Reducing environmental impact and decreasing resource consumption and pollution emissions during operations and production. Reducing dependence on natural resources by effectively converting construction and engineering waste into products such as recycled aggregate, recycled building materials, and road materials, and vigorously promoting the use of these recycled materials, thereby leading the industry's green transformation. Establishing and promoting a sustainable brand image, which can effectively respond to the market's general expectations for green development, thereby gaining favor and long-term support from customers and investors who are focused on environmental protection and ESG value.	• Actively consumed industrial solid waste (such as fly ash, desulfurized gypsum, converter slag, etc.) as raw materials for cement production through cooperation with local steel and chemical enterprises, converting waste into resources and realizing circular economic benefits; • Promoted cement kiln co-processing projects to treat urban and rural domestic waste, municipal sludge, and industrial hazardous waste, establishing a solid waste disposal solution and improving the comprehensive utilization level of resources.

Risk management

To effectively address the challenges posed by climate change, the Group is gradually establishing and improving its climate risk management mechanism, continuously enhancing its ability to identify and respond to climate risks. During the Reporting Period, with reference to the TCFD framework and relevant guidance from the Hong Kong Stock Exchange, we organized relevant functional departments to conduct a systematic assessment of climate-related physical risks, transition risks, and opportunities that may arise during operations, analyzing their potential impact based on actual business conditions. On this basis, we identified climate risks and opportunities that have a material impact on the Group's operations and formulated targeted response strategies to enhance climate resilience and ensure sustainable business development.

specific features of business locations, two → policies, and stakeholder concerns, we have reviewed → risks on business strategy and financial → the Group formulates targeted

Establish a Climate Scenario Analysis Plan

Taking into account industry characteristics and the specific features of business locations, two climate change scenarios are set, based on which climate scenario analysis is conducted.

Establish a Climate Risk Issue Database

Taking into account dimensions such as core business, operational strategy, macro policies, and stakeholder concerns, we have reviewed and established an issue database covering climate risks and opportunities to identify the climate issues most relevant to the Group.

Identify Material Climate Risks

Assess the impact of various climate risks on business strategy and financial position, and identify the climate risks that require focused attention.

Formulate Response Strategies

For the identified material risks and opportunities, the Group formulates targeted management measures and promotes their implementation, continuously enhancing climate resilience.

Metrics and Targets

The Group has established clear emission reduction targets and management pathways for thetwo major environmental areas of "Air Pollutants" and "Greenhouse Gases," and continuouslytracks progress against these indicators. For details on progress and the achievement oftargets, please refer to the section headed "Managing Emission Strictly"

The Group has set specific targets and corresponding measures for the environmentalareas of "Water Use," "Waste Discharge," and "Energy Use," and regularly reviews theprogress made against these targets. For details, please refer to the sections headed"Optimizing the Use of Resource" and "Managing Emission Strictly".

Each year, the Group compiles data on "Green Mines" for that year. For detailed data, pleaserefer to the section headed "Constructing 'Green and Smart' Mine".

Climate-related Transition Plan

In addition to the short- to medium-term environmental targets set out in the Report, the Group will continue to explore the feasibility of adopting a long-term climate-related target to support the further development of its transition plan.

06

Caring for Employees and Growing Together

6.1 Strengthening Safety Management

The Group consistently regards the life safety and occupational health of its employees as the core of its corporate production safety. During the Reporting Period, the Group's safety management efforts tightly aligned with the guiding principle of "Safety First, Prevention Crucial, and Comprehensive Management". Strictly complying with national laws and regulations and industry standards, such as the Work Safety Law of the People's Republic of China and the Determining the Potential Risks of Major Accidents of Industry and Trade Enterprises, the Group focused on key tasks including system enhancement, empowerment through training, hazard identification , and special rectification initiatives. This approach effectively prevented and mitigated various safety risks, thereby constructing a robust safety defense line for the stable operation of the Group's production and business activities.

Adhering to Safe Production

The Group consistently upholds the workplace safety philosophy that "People-Oriented, Life First". By strengthening accountability for safety responsibilities, enhancing safety training and emergency response capabilities, and intensifying hazard identification and control, the Group has fortified its health and safety defenses through rigorous and meticulous management practices. This comprehensive approach has led to an overall elevation of the Group's health and safety management performance. The Group's key initiatives in workplace safety during the reporting period were as follows:

Deepening and Improving Responsibility System Construction

① Strengthening Organizational Leadership and Accountability for Safety

The management of the Group attaches great importance to safety management, adheres to the principles of "Shared responsibility between Party and government, dual responsibilities for each position" and "Three types of management, three musts", and incorporates them into its daily agenda. The Group regularly convenes regular monthly production safety meetings and safety committee meetings, promptly organizes study sessions on relevant documents issued by governmental departments to unify the ideological understanding, summarises the current state of safety management, and discusses the key safety management issues to promote the implementation of safety leadership at all levels

② Improving Management Systems to Enhance Efficiency

During the Reporting Period, to standardize safety management processes and strengthen a closed-loop accountability mechanism, the Group revised and improved the Measures for the Administration of Accountability for Production Safety. Additionally, to strengthen the development of safety audit and safety training protocols, the Group preliminarily drafted the Management Measures for Safety Audit and the Management Measures for Safety Training. These drafts will be further refined based on feedback and formally issued later, thereby continuously consolidating the foundation of the Group's safety management.

Enhancing Risk Warning and Hazard Identification and Rectification

① Precise Risk Warning and Proactive Prevention of Seasonal and Phased Risks

Considering the Group's actual safety management status, government regulatory requirements, and seasonal characteristics, the Group accurately assessed safety risks across different periods. During the Reporting Period, it issued 28 professional safety management documents, including the Notice on Effectively Managing Safety for the Resumption of Work and Production, the Notice on Effectively Managing Summer Safety, and the Notice on Effectively Managing Winter Safety and Winter Maintenance. These documents clarified the safety management priorities and prevention measures for each phase, guiding subsidiaries and branches to implement targeted risk prevention responsibilities and effectively prevent seasonal and phased safety incidents. In response to risks such as water accumulation and soil erosion caused by heavy summer rainfall, the Group invested RMB 440,000 during the Reporting Period to construct an additional 1,100 meters of drainage channels, further enhancing the infrastructure's resilience to extreme weather.

② Comprehensive Safety Audits to Deepen Hazard Rectification

During the Reporting Period, the Group formed two joint audit teams comprising core safety management personnel and professionals from its operating areas. Over a period of four months, these teams conducted comprehensive safety audits covering all subsidiaries and branches, identifying a total of 2,013 safety hazards and management issues. A register was established for the identified issues, with clear responsibilities assigned and rectification deadlines set, forming a closed-loop management mechanism of "identification, rectification, re-inspection, and case closure". This approach effectively translated the audit findings into tangible improvements in safety management.

③ Promoting Safety Standardization to Standardize Enterprise Safety Management

During the Reporting Period, through the continuous implementation of safety standardization initiatives, the Group achieved significant improvements in its fundamental safety management and on-site facilities, while steadily enhancing employees' safety awareness. During the Reporting Period, seven enterprises of the Group had commenced the development of level 1 production safety standardization.

Strengthening Safety Education, Training and Emergency Response Capability

During the Reporting Period, the Group adhered to the training objective of "focusing on key areas, addressing shortcomings, and enhancing capabilities" by conducting multi-dimensional, comprehensive safety training and emergency drills. These efforts significantly improved the safety awareness and risk prevention capabilities of all employees. A total of 16,286 safety training sessions were held throughout the year, with 337,334 participants (person-time). In addition, 1,287 emergency drills were conducted, covering scenarios such as falls from height, heatstroke, chemical burns, poisoning, and suffocation, with 20,272 participants (person-time).

Special Training for Leadership Cadres

Case

During the Reporting Period, the Group invited domestic safety experts to conduct training combining online and offline formats, themed “Safety Management Strategies for General Managers in Challenging Environments”, to broaden the perspectives of middle and senior management. In addition, the Group organized a leadership safety training program titled “Strengthening the Safety Foundation to Support Strategic Development”. This program was conducted as a full-time, closed-training session, establishing a teaching system that integrates “policy interpretation, case study analysis, practical operations, and experience sharing”, thereby reinforcing the awareness of the “primary responsible person”.



Site of the Special Training for Leadership Cadres

Special Training on Electrical Safety

Case

Under the theme of “Reliability Management in Electrical Safety”, the Group invited senior experts during the Reporting Period to deliver systematic lectures on electrical management standards, operational specifications, and key points for hazard identification, drawing on typical accident cases. This training effectively expanded the professional knowledge of electrical management personnel and enhanced the overall electrical safety management level of the company.



Site of the Special Training on Electrical Safety

Employee Emergency Rescue Competition

Case

During the Reporting Period, the Group held the “2025 Emergency Rescue Competition Finals”, featuring 10 teams that had won in the preliminary rounds. By promoting learning and practice through competition, the event tested and enhanced the emergency rescue skills of all employees, laying a solid foundation for emergency response to sudden incidents.



A Glimpse of the “2025 Emergency Rescue Competition Finals”

In addition to routine safety training and emergency drills, the Group also carried out diverse special initiatives to foster a strong safety culture. During the Reporting Period, the Group focused on the goal of “enhancing capabilities through activities and strengthening foundations through culture” by organizing a series of events such as Safety Production Month and Fire Safety Publicity Month, aiming to deeply embed safety concepts into the mindset of all employees.

Safety Production Month Activities

Case

During the Reporting Period, the Group launched Safety Production Month activities under the theme “Everyone Speaks Safety, Everyone Knows Emergency Response – Identifying Hidden Hazards Around Us”. The Group Headquarters issued an activity notice, held an opening ceremony via video, organized the viewing of thematic educational films, and set clear requirements regarding activity objectives, responsibility allocation, and implementation measures. All subsidiaries and branches responded promptly by carrying out activities such as hazard identification and emergency drills based on their specific conditions, effectively building a consensus on safety among all employees.



Site of the Safety Production Month Opening Ceremony

Extending the Safety Chain: Supplier Safety Training

The Group also emphasizes supplier safety training, requiring suppliers to comply with safety regulations for construction and other activities, and to receive safety education and training, such as watching safety awareness videos, before entering the site. This ensures that suppliers understand relevant environmental and safety regulations. Additionally, suppliers must be informed of, or sign, a safety notice before signing contracts. During the Reporting Period, the Group conducted 1,063 training sessions for suppliers, totaling 1,864 hours. Through these trainings, supplier safety awareness was strengthened, enabling them to implement proper protective measures and take preventive actions, thereby effectively avoiding environmental, safety, and social risks.

Protecting Employees' Health

The Group consistently adheres to the occupational health management principle of "prevention first, combining prevention with control," regarding the physical and mental health of its employees as a crucial foundation for the Company's sustainable development. The Group is fully aware of the potential hazards of occupational diseases arising from its business operations. To strengthen the effective management of employees' occupational health, the Group adopted multiple measures during the Reporting Period to continuously improve its robust occupational disease prevention and control management system.

Improving the Policy System to Consolidate the Management Foundation: The Group continuously improved its occupational disease prevention and control management system, clarified the primary responsibilities of enterprises for such prevention and control, and encouraged all subsidiaries and branches to actively participate in the "Healthy Enterprise" initiative, thereby promoting the concept of healthy development.

Implementing Robust Health Surveillance to Build a Strong Line of Defense: The Group strictly enforced occupational health examinations before, during, and after employment. Employees found to have occupational contraindications or allergies were promptly reassigned to suitable positions. Concurrently, the Group regularly carried out the monitoring, reporting, and public disclosure of occupational hazard factors in the workplace. Identified issues were addressed and rectified promptly, forming a closed-loop management process.

Strengthening Source Control to Improve the Working Environment: The Group continuously increased investment in technology and actively promoted automation and intelligent construction to prevent and control occupational hazards at the source. For example, in the production process, the Group widely applied equipment such as fully automatic bagging machines and intelligent loading robots, increased the use of enclosed devices, and implemented an unattended weighbridge system. These measures reduced the impact of dust and noise on employees, striving to create a safe, healthy, and comfortable working environment for all employees.

Enhancing Publicity and Education to Raise Awareness of Protection: Leveraging opportunities such as the Publicity Week on the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and focusing on themes like "Caring for Employees' Mental Health to Support the Company's Healthy Development", the Group employed various methods, including posting promotional posters, holding knowledge lectures, and distributing protection manuals, to popularize laws, regulations, and protective knowledge related to occupational disease prevention. This effectively enhanced workers' awareness and ability to protect themselves, thereby safeguarding their occupational health rights and interests.

The status of the Group's rate of work-related injuries and deaths at work during the Reporting Period is set out in the table below:

	2025	2024	2023
Number of work-related fatalities	0	0	0
Rate of work-related fatalities	0	0	0
Lost days due to work injury	531	934	588

6.2 Protecting Employees' Rights and Interests

The Group has formulated and implemented the people-oriented philosophy and is committed to providing employees with a broad growth platform and an equal and harmonious working environment. The Group strictly abides by relevant laws and regulations that have significant impacts on the Group relating to remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, other benefits and welfares, and prevention of child labor and forced labor, including but not limited to the Labor Law of the PRC, the Labor Contract Law of the PRC, the Provisions on the Prohibition of Using Child Labor, the Law of the PRC on the Protection of Minors, the Social Insurance Law of the PRC, and Hong Kong's Employment Ordinance. During the Reporting Period, the Group has strictly complied with the above-mentioned relevant laws and regulations. The Group has also formulated and implemented several internal policies to protect the rights and interests of employees in every aspect of the employment process.

Employee Rights, Interests and Care

The Group has formulated and implemented the Regulations on Recruitment Management of Shanshui Group. Recruitment is carried out based on the principles of openness, fairness, justice, equal competition, and merit-based selection. During the Reporting Period, the Group did not have any violations regarding the employment of child labor or forced labor, and there were no instances of withholding employees' identity documents, educational certificates, or requiring the payment of various deposits.

Employment

Strict Prohibition on Child Labor

- Specifying the minimum working age in recruitment brochures and strictly reviewing applicants' information during the recruitment process, such as ID cards, household registration books, and academic certificates, to verify that they have reached the minimum legal working age.
- If child labor is discovered, the employment will be terminated immediately. An internal investigation will be conducted to identify the cause, a notice will be issued, and the responsible unit will be required to formulate corrective measures to prevent recurrence.

Anti-forced labor

- Regulating the employment mechanism and strictly investigating violations, including forced overtime, withholding employees' identity documents or academic certificates, and requiring various deposits, to ensure that the employment relationship is established voluntarily.

Diversity and Anti-discrimination

- Adhering to the principles and concepts of diversity and openness, and refraining from treating employees differently based on ethnicity, gender, religion, etc.

Dismissal

- For departing employees, the Group communicates with them in accordance with the Regulations on Resignation Management of Shanshui Group to understand their reasons for leaving. The Group assists employees in completing the resignation procedures based on their specific situations and ensures the implementation of entitled benefits. Necessary improvements identified during this process are addressed accordingly.

Remuneration and Benefits

- The position settings, job responsibilities, personnel allocation, and remuneration packages for key management positions at all levels have been clearly defined, laying the foundation for further clarifying employee career development paths in the future.
- The Group regularly reviews employee remuneration packages in light of market conditions, corporate economic benefits, and employee income levels. At mid-year and year-end, employees are rewarded in tiers based on operating performance.
- In compliance with off-peak production suspension regulations, the Group pays relevant compensation during suspension periods in accordance with national regulations to protect the legal rights and interests of employees. Meanwhile, a reasonable salary distribution system and reward and punishment measures are implemented during normal production months, ensuring that overall compensation does not decrease due to reduced working hours.
- The Group contributes to various social insurances (including basic pension insurance, medical insurance, unemployment insurance, maternity insurance, and work-related injury insurance) and housing provident funds as required by the Social Insurance Law.
- The Group has uniformly arranged employers' liability insurance for employees in production and related positions, with a total investment of RMB 1.67 million.
- Regular health check-ups are arranged for general employees, occupational health check-ups are added for special positions, and serious illness assistance is provided to employees suffering from major illnesses.
- The Group uniformly distributes mid-year bonuses, year-end bonuses, holiday benefits, seasonal work uniforms, and labor protection supplies to employees.

Promotion

- To provide a broad growth platform for all types of talent and promote the development of outstanding employees, the Group has formulated and implemented the Selection, Training, and Utilization Plan for Reserve Talents of Shanshui Group.

Working Hours and Holidays

- The Group fully respects employees' rights to rest and leave. The Management Measures for Employee Attendance of Shanshui Group and the Implementation Measures for Paid Annual Leave of Shanshui Group have been formulated and implemented, complying with the labor law requirement that employees should not work more than 40 hours per week. Employees are entitled to various statutory leave, including weekly rest days, public holidays, marriage and funeral leave, paternity leave, and paid annual leave in accordance with national regulations. The Group strictly controls overtime work and situations where rest on statutory holidays is not possible to prevent forced labor, and pays overtime compensation when work outside normal hours is unavoidable.

In addition to the universal benefits mentioned above, the Group has formulated and implemented a series of humanized care policies targeting the specific circumstances of different employee groups to comprehensively protect employee rights and interests. In accordance with the Interim Measures for Outbound Employees of Shanshui Group, the Group grants out-of-office subsidies and annual rewards to employees assigned to work outside their home location. Particularly for employees assigned to assist in Xinjiang, if their accompanying family members are unemployed, they can receive a monthly living allowance. The Group fully implements and strongly supports the leave policies and benefits for male and female employees related to having two or three children, as stipulated and advocated by the state. Various incentives and preferential policies for parents of only children are fully implemented. For disabled employees, the Group creates suitable positions for placement and strictly implements relevant benefit policies to protect their rights and interests. In cases of extreme weather conditions such as heavy rain or snowstorms, to ensure employee commuting safety, the Group promptly arranges staggered working hours or work-from-home arrangements, implementing a flexible working system. Meanwhile, wages and benefits remain unaffected during work-from-home periods.

The Group actively fosters a warm and harmonious corporate atmosphere. During the Reporting Period, it organized a variety of cultural and sports activities and heartwarming initiatives centered around themes such as festival celebrations, thematic education, and employee support, effectively enhancing employees' sense of belonging and happiness.

Red Thematic Education to Cultivate Patriotism

Case

To commemorate the 80th anniversary of the victory of the Chinese People's War of Resistance against Japanese Aggression and the World Anti-Fascist War,members of the Group's Party Committee and the Party Branch of the Xinjiang Operating Region participated in a red-themed film-viewing activity “Remembering History, Upholding the Original Aspiration, Forging Ahead with Determination”. They collectively watched the patriotic education film Dead to Rights. This activity allowed participants to revisit the impactful years through cinematic materials, inspiring Party members to strengthen their ideals and convictions, remain true to their original aspirations and missions, and further enhance the team's cohesion and unity.



Group Photo of the Film-Viewing Activity


Mid-Autumn Festival Cultural Event


Autumn Sports Meet



Distribution of Benefits to Ethnic Minority Employees



Outdoor Team Building Activity

Employee Structure and Performance

As at the end of the Reporting Period, the number of employees and the turnover rate of the Group are set out in the table below:

	2025	2024
Total Number of Employees[18]	12,959	14,700
Total Employees by Gender		
Male	9,884	11,148
Female	3,075	3,552
Total Employees by Region		
Headquarters	483	545
Eastern Shandong Operating Region	3,432	3,783
Western Shandong Operating Region	2,335	2,954
Southern Shandong Operating Region	1,193	1,356
Northeast China Operating Region	3,571	3,911
Shanxi Operating Region	1,499	1,674
Xinjiang Operating Region	446	477
Total Employees by Job Responsibilities		
Production	6,721	7,870
Sales	986	1,131
Technician	1,533	1,667
Finance	514	584
Administration and Management	1,291	1,418
Others	1,914	2,030
Total Employees by Education Level		
College or Above	5,077	5,559
Technical Secondary School, Technical School and Senior High School	4,614	5,355
Secondary School or Below	3,268	3,786

[18] During the Reporting Period, all employees of the Group were full-time. There were no part-time employees.

[19] This indicator, which is defined as the percentage of women among the management staff of each of the Group's subsidiaries above the members of the leadership team.

[20] Employee Turnover Rate by Gender, Region and Age in 2024 has been restated.

	2025	2024
Total Employees by Age		
16-20 years old (Including 20 years old)	0	2
21-30 years old (Including 30 years old)	716	1,121
31-40 years old (Including 40 years old)	4,398	5,179
41-50 years old (Including 50 years old)	4,424	4,823
Over 50 years old	3,421	3,575
Others		
Number of Disabled Employees	120	127
Percentage of Female in Management [19]	11.05%	11.41%
Employee Turnover Rate by Gender[20]		
Male	8.38%	6.84%
Female	3.15%	2.06%
Employee Turnover Rate by Region		
Headquarters	0.41%	0.14%
Eastern Shandong Operating Region	2.41%	2.30%
Western Shandong Operating Region	4.25%	2.28%
Southern Shandong Operating Region	1.10%	0.34%
Northeast China Operating Region	1.88%	2.29%
Shanxi Operating Region	1.26%	1.37%
Xinjiang Operating Region	0.20%	0.19%
Employee Turnover Rate by Age		
16-20 years old (Including 20 years old)	0.00%	0.01%
21-30 years old (Including 30 years old)	1.03%	1.59%
31-40 years old (Including 40 years old)	3.24%	2.33%
41-50 years old (Including 50 years old)	2.74%	1.94%
Over 50 years old	4.52%	3.03%

6.3 Career Development and Training

The Group upholds the philosophy of “People-oriented, integration of engineering and learning" and is committed to enhancing the momentum of talent development, continuously strengthening the enterprise through talent cultivation, and promoting the mutual development of employees and the enterprise. Talent and technology are core to the Group's industrial development and the extension of the entire industrial chain. Strengthening technical training is an effective way to improve labor performance, enhance corporate competitiveness, and achieve high-quality development. The Group has built a talent cultivation system focusing on the four key areas of "attracting, utilizing, nurturing, and retaining talent," providing a continuous stream of talent momentum for the Company's sustainable development.

Attracting Talent by Focusing on Needs

The Group attracts various types of talent through multiple channels, including recruitment from academic institutions, internal referrals, and targeted introductions.

Building Platforms and Ladders to “Utilize Talent”

The Group continuously improves its evaluation system and opens up talent development channels. Enterprises in the Shandong, Northeast, and Shanxi Operating Regions further strengthened the construction of their “reserve talent pools”, implementing dynamic management throughout the year. Internally, they organized expert training, exchanges, and job rotations to strengthen talent cultivation and promote outstanding individuals. Externally, they recommended that employees participate in advanced and expert selection processes, with several individuals being recognized as technical experts or selected for expert pools, continuously expanding talent development channels.

Multiple Measures Simultaneously to “Nurture Talent”

The Group regularly carries out various types of specialized training and encourages employees to upgrade their skills. At the same time, by building cooperation platforms and establishing training bases, the Group broadens talent cultivation pathways. For example, the Shanxi Operating Region has launched comprehensive cooperation with local universities, establishing a deep collaboration model integrating production, education, research, and application. It has set up a Green Building Materials Technology Research and Development Center and a training base, and jointly created a Shanxi Provincial Technology Innovation Center. In addition, Linfen Shanshui has partnered with universities to establish the Linfen Shanshui green and low-carbon building materials doctoral workstation.

Caring for Talent to “Retain Talent”

The Group practices the talent development concept of “people-oriented, common growth”. By continuously optimizing the working environment, it further enhances employees' sense of identity and belonging.

On this basis, during the Reporting Period, the Group carried out a series of diverse and extensive thematic training and skills competition activities focused on key areas such as Party affairs capabilities, quality management, vocational skills, and professional management, continuously advancing talent cultivation efforts in depth and substance.

Cultivation of Party Affairs Talents

Case

The Group places high importance on the development of its Party affairs talent team. During the Reporting Period, it successively organized training sessions for Party organization secretaries and Party affairs workers at the Group level and within operating regions such as Northeast China and Xinjiang. These sessions comprehensively enhanced the political literacy and duty performance of Party cadres, promoting the deep integration of Party building with production and operations.



Opening Ceremony of the Group-Level Training Session

Vocational Skills Competition

Case

To promote the spirit of model workers, the spirit of labor, and the spirit of craftsmanship, the Group held the 2025 Cement Quality Inspectors Skills Competition, where 27 outstanding quality inspectors from 26 companies across six operating regions competed against each other. The Shanxi Operating Region also organized a major competition for analysts and physical inspectors in the Southern Shanxi Area. Through a combination of theoretical examinations and practical operations, these competitions comprehensively enhanced the job skills of frontline employees.



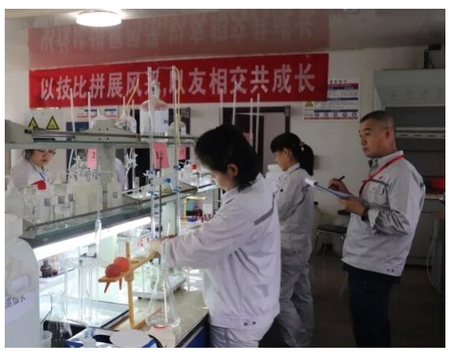


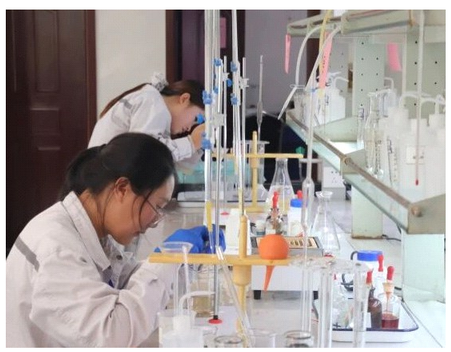
Cement Quality Inspectors Skills Competition











Competition for Analysts and Physical Inspectors

During the Reporting Period, the training performance of the Group is set out in the table below:

分類		2025	2024
Total employees trained		11,843	13,524
Percentage of employees trained			
By gender	Male	90.89%	90.87%
	Female	92.98%	95.55%
By job responsibilities	Production	99.81%	97.99%
	Sales	74.34%	73.21%
	Technician	92.04%	94.12%
	Finance	97.86%	98.80%
	Administration and Management	95.74%	95.35%
	Others	65.41%	73.20%
Average training hours per employee (hour)		27.51	33.66
By gender	Male	28.11	34.45
	Female	25.65	31.30
By job responsibilities	Production	31.96	36.34
	Sales	18.18	21.85
	Technician	24.50	38.33
	Finance	26.72	26.71
	Administration and Management	19.92	31.85
	Others	20.36	25.73

07

Striving for Excellence, Committed to Dedicated Service



7.1 Guaranteeing Product Quality

The Group adheres to the business tenet of “Customer first, quality first” and the general requirement of “optimizing service systems, improving service procedures, standardizing service contents and improving service quality”, and strives to provide customers with products and services with the highest quality. The Group strictly complies with relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to the products and services provided and methods of redress, including but not limited to the Standardization Law of the PRC, the Metrology Law of the PRC, the Regulation of the PRC on the Administration of Production License for Industrial Products, the Product Quality Law of the PRC and the Rules for Implementation of Manufacturing License for Cement Products. During the Reporting Period, no product sold or delivered was subject to recalls by the Group for safety and health reasons.

Improving the Policy System and Consolidating Primary Responsibilities

The Group continuously improves its internal policy system, establishing product internal control and quality inspection standards that are stricter than national standards, including documents such as the Quality Management Regulations and the Internal Control Standards for Cement Product Quality. During the Reporting Period, in response to new standards such as Portland Cement Clinker (GB/T 21372-2024), the Group held special meetings to advance the revision of its internal control standards, ensuring alignment with national standards. At the same time, the Group deepened its three-tier quality management system by appointing quality safety directors and quality safety officers at the Group, operating region, and subsidiary levels. It also established and implemented a working mechanism of "daily control, weekly inspection, and monthly review" to consolidate quality safety responsibilities at each level.

Strengthening Process Monitoring to Ensure Quality Stability

The Group strictly implements the system of “daily monitoring, monthly reporting” to comprehensively track the quality performance of all subsidiaries, requiring rectification within specified deadlines for any identified issues. During the Reporting Period, the Group optimized its annual full-coverage sampling inspection by adopting a “dual random” approach. A total of 267 batches of raw fuels and materials, 87 batches of cement, 47 batches of clinker, and 16 sets of commercial concrete test blocks were sampled and inspected. The results met the expected targets, with 100% of products delivered from the plants meeting the required standards.

Standardizing Inspection Procedures and Strictly Controlling the Process

The Group’ s quality inspection covers the inspection of raw fuels and materials upon entry, in-process inspection, ex-factory cement inspection, inspection and self-calibration of monitoring and measurement equipment, verification of personnel capabilities, and external comparison, etc. After raw fuels and materials enter the plant, each vehicle is inspected against technical requirements, and non-conforming materials are rejected. Raw materials are stored in separate areas according to quality grade and blended proportionally during use. In-process inspection and ex-factory cement inspection are carried out in accordance with the List of Process Quality Control Items in the Quality Control Room. Cement may be delivered only after passing the 1-day strength confirmation, with subsequent submission of 3-day and 28-day test data. Product packaging clearly indicates the applicable standards, product grades, producer information, etc., in compliance with national standards. Cement varieties are distinguished by different colors printed on both sides of the packaging.

Improving Management of Non-Conforming Products and Implementing Product Recall Mechanisms

The Group has established strict specifications for the product recall process and has formulated and implemented internal policies such as the Control Procedures for Unqualified Products, the Control Procedures for Non-Conformance, Correction and Preventive Measures, and the Control Procedures for Incident Investigation and Handling.

To standardize the recall procedures for unqualified products and to prevent and minimize damage that may be caused by such products, the Group has established a product recall system:

- If products are found to be unqualified through sampling inspection, or if customers file complaints regarding product quality, and upon analysis it is confirmed that the customer complaint is reasonable and that product quality issues exist, the recall procedure will be initiated.
- The Group will track the regional markets, end-user construction material points, and customers where the recalled products are located based on records. Appropriate warehousing and transportation arrangements will be made to ensure timely and efficient emergency recall at the earliest opportunity, and active response or remedial measures will be taken. Recalled products will be inspected on-site and segregated for storage by category.
- Through quality assessment of the recalled products, the Group will make specific disposal decisions and analyze the causes, thereby implementing targeted corrective measures to prevent recurrence of similar issues.
- The Group will follow up on any adverse market impact arising from unqualified products.

Enhancing Inspection Capabilities and Cultivating a Quality Culture

The Group consistently uses competition to drive training and training to drive learning, continuously improving the professional skills of quality inspection personnel. In the 2025 “Yumeng Environmental Protection Cup” National Cement Quality Inspection Competition, Lvliang Shanshui won the Special Prize, while 36 subsidiaries received the Excellence Award, 21 received the Merit Award, and 16 received the Full Compliance Award. In the quality inspector skills competition jointly organized by the Group, 27 participants stood out. Additionally, the Group held special training sessions to interpret the 2023 edition of the Quality Management Regulations for Cement Production Enterprises, and organized a series of activities for Quality Month centered around the theme “Pursuing Excellent Quality to Strengthen the Enterprise through Quality”, enhancing the quality awareness of all employees.



Lvliang Shanshui Wins the Special Prize at the 2025 “Yumeng Environmental Protection Cup” National Cement Quality Inspection Competition

7.2 Maintaining Quality Services

Customers are the foundation for the survival and development of an enterprise. While continuously improving product quality, the Group also consistently enhances its after-sales service system and strengthens service delivery to customers of Shanshui Group, ensuring full regional coverage of service support through coordinated customer service and sales efforts. The Group strictly complies with the Constitution of the PRC, the Contract Law of the PRC, the Law of the PRC on the Protection of Consumer Rights and Interests, the Tort Law of the PRC, the Trademark Law of the PRC, the Patent Law of the PRC, the Advertising Law of the PRC, the Anti-Unfair Competition Law of the PRC, and other relevant laws and regulations.

Response to Complaint Handling

The Group has established a systematic complaint prevention and response mechanism, proactively collecting customer feedback through methods such as surveys, on-site visits, and customer symposiums, and analyzing such feedback for improvement. Additionally, the Group has set up customer service hotlines, online complaint portals, social media channels, and other means to ensure that customer concerns can be communicated in a timely manner. For complaints related to cement quality, the Group initiates a dedicated handling procedure, confirming receipt of the complaint and providing a response within one hour, and conducting sampling and testing and formulating a resolution plan within 24 hours. This forms a standardized process of "receipt, classification, handling, feedback, and archiving". During the Reporting Period, the Group achieved zero complaints regarding its products and services throughout the year.

Protecting Customer Privacy

The Group consistently upholds its commitment to protecting the privacy of both itself and its customers, and is keenly aware of the importance of customer information to business operations. To this end, all subsidiaries of the Group have formulated customer privacy protection policies and have adopted the following series of measures to ensure the security and confidentiality of customer information, fully safeguarding customer privacy.

Establishing Customer Files

- Each subsidiary of the Group has established a management ledger for Customer File Information, communicating with customers on a monthly basis and conducting on-site visits to obtain the latest and most comprehensive file information in a timely manner.

Dedicated Management and Accountability:

- The Group has mapped out the flow of customer information and its corresponding business processes, established corresponding control measures, and clarified the responsible persons for data protection at each stage. In the event of a leak, it can be quickly and accurately traced and the designated person held accountable.
- Confidentiality undertakings and confidentiality responsibility statements have been signed by sales management personnel to ensure the confidentiality of corporate information and customer information.
- The corporate customer service department is responsible for dedicated management and accountability, while the corporate sales department is responsible for supervision. The content of the confidentiality agreement is clearly signed. In the event of a leak, strict action will be taken, and such incidents will be incorporated into the assessment of the person in charge of corporate sales.

Authorization

- Customer information is classified based on the amount of customer funds, and authorization is granted at different levels. The principle of authorization follows the "need-to-know" principle, limiting the scope of personnel who have access to high-value customer information.
- The Group's ERP system software sets different permissions according to different job responsibilities. An account application process has been established, with one account per person and real-name authentication. For cement contract appointments, users select dedicated appointment personnel, effectively ensuring customer privacy.

Regulating Advertising and Promotion

The Group strictly complies with relevant laws and regulations, maintains and properly uses its trademarks, and prudently conducts advertising and promotional activities. In terms of advertising management, all operating regions of the Group adhere to the relevant systems issued uniformly by the Group, including the approval and implementation processes for advertising plans, to ensure the standardization and consistency of advertising management. The Marketing Centers of the operating regions review and approve advertising plans in accordance with the Group's overall brand operation principles and regional characteristics, with designated personnel from the sales departments of subsidiaries and branches responsible for execution. This ensures that the Group's advertising and promotion align with the brand image while effectively meeting the specific requirements of regional markets.

Protecting Intellectual Property

The Group is fully aware that safeguarding and protecting intellectual property rights not only demonstrates the enterprise's responsibility and commitment to its customers and promotes economic growth and investment, but also plays an important role in fostering the healthy development of the industry, further enhancing stakeholder brand perception. In accordance with the requirements of the Guidelines for Intellectual Property Management in Industrial Enterprises, the Group has established and improved its intellectual property management system and implemented an intellectual property strategy. The Group has also established an intellectual property management body responsible for overseeing intellectual property matters and strictly supervising the implementation of the system to ensure that the Group's intellectual property rights are effectively protected.

The Group's intellectual property, including its trademarks, is managed by the Group's legal affairs department. The legal affairs department is also responsible for handling matters such as registration and filing with competent government authorities to ensure that all intellectual property rights are properly utilized. When using intellectual property, all subsidiaries must obtain authorization in accordance with the Group's unified requirements. To enhance employees' understanding of intellectual property and their legal awareness, each subsidiary has introduced courses on intellectual property and related laws based on its specific circumstances. Through periodic specialized training on intellectual property, employees are helped to gain a deeper understanding of intellectual property laws and to develop a strong sense of intellectual property rights.

To effectively safeguard and protect intellectual property rights, uphold the Group's brand image, and protect consumer rights, each operating region conducts comprehensive monthly visits and market research among cement customers in its area. Through in-depth investigation and sampling testing of products on the market, the Group ensures that no counterfeit products enter the market. Internally, the Group has strengthened controls over product identification and anti-counterfeiting

measures. All product delivery notes bear the "Shanshui Dongyue" logo, and bulk cement transport tankers are sealed with lead seals to ensure consistency from dispatch to receipt.

In addition, all subsidiaries of the Group actively carry out anti-counterfeiting activities, promptly reporting and providing information to local government authorities regarding counterfeit and imitation cement products in the market, and cooperating in efforts to combat counterfeiting and trademark infringement. The Group strengthens monitoring of incidents that infringe upon its intellectual property rights and handles litigation matters to resolutely protect the Company's legitimate rights and interests. At the same time, the Group has established strict policies and systems to protect the intellectual property rights of others, avoiding economic and reputational losses that may arise from infringing upon the intellectual property rights of third parties.

7.3 Innovation in Products and Services

The Group adheres to the spirit of pragmatism and innovation and is committed to driving continuous product innovation. At the same time, the Group upholds the customer-first philosophy, consistently placing customer needs and satisfaction at the forefront, continuously strengthening its service mindset, and striving to enhance the customer experience in order to provide customers with higher quality products and services.

In terms of product innovation, the Group focuses on the research and development of specialty and special-purpose cements, with a strategic emphasis on products tailored for home decoration and ready-mix concrete applications, while accelerating the certification process for special-purpose cement products such as marine engineering and oil well cements. As of the end of the Reporting Period, the number of enterprises producing specialized cements increased from 22 to 28, with products covering nine major categories. Concurrently, the Group continues to track competitor dynamics and provide value-added services such as extended technical support. By optimizing raw material formulations and grinding processes, the Group has achieved the dual benefits of quality improvement and cost reduction. The Group also actively responds to the national dual-carbon strategy by continuously developing low-carbon products and pursuing low-carbon and green building material product certifications, thereby enhancing the low-carbon and environmentally friendly attributes of its products and strengthening their market competitiveness. During the Reporting Period, Aqi Shanshui, Bohai Shanshui, Liaoning Gongyuan, Dalian Shanshui, Liaoyang Qianshan, Baishan Shanshui, Linfen Shanshui, Taiyuan Shanshui, and Shuozhou Shanshui obtained certification for their low-carbon products.



Low-Carbon Product Certification Certificates of Dalian Shanshui and Liaoyang Qianshan Companies

In terms of service innovation, the Group actively advances digital transformation to enhance service efficiency and customer experience. The Northeast China Operating Region introduced a WeChat official account customer service platform and Douyin short video platform, enabling intelligent online visits, video teaching guidance, and other functions. The Shanxi Operating Region leveraged e-commerce and ERP platforms to optimize the digital management of the entire “order-inventory-transportation” process, achieving 24-hour uninterrupted delivery while utilizing flow control devices to ensure precise product distribution.

To strengthen employees’ service mindset, the Group has taken steps in two areas, team capability building and customer interaction mechanisms, to continuously improve service quality and customer satisfaction.

In terms of team building, each region has implemented a multi-tiered training system to develop professional service teams. The three major operating regions in Shandong have established dedicated customer service teams responsible for customer visits, technical consultation, and quality supervision. The Northeast China Operating Region launched a “Specialized Off-Season Training” program, establishing specialized training modules for production, supply, and sales, while engaging external expert teams for monthly rotational training. The Shanxi Operating Region formed a 24-hour product consultation team comprising personnel from quality control, production, and other departments, providing round-the-clock technical support through channels such as phone calls and on-site visits.

In terms of customer interaction, the Group has established regular communication mechanisms to proactively understand customer needs. The customer service departments of each enterprise strengthen pre-sales services, conducting monthly on-site visits to customers to gather feedback and suggestions, and promptly coordinating with production departments to improve product quality. In addition, the Group distributes customer satisfaction surveys to customers and end-users on a quarterly basis, conducting anonymous questionnaire surveys on service performance to understand the needs of all parties. During the Reporting Period, the three major operating regions in Shandong and Rushan Shanshui organized cross-departmental technical exchanges through key customer symposiums during Quality Month, further deepening customer relationships.

Service Innovation Case

When serving key projects, the Group’s technical teams are well recognized for their prompt and effective response to customer needs. For example, while serving the Jiaxiang Wind Power Tower Project, when the customer reported that the extended setting time of PO52.5 cement was affecting construction progress, the technical team worked overnight to successfully optimize product performance while maintaining the structural integrity of the product and, ensuring the smooth progress of the project. When serving the 10th section of the Fanwu Expressway Project, Taiyuan Shanshui in the Shanxi Operating Region addressed concrete construction challenges under special environmental conditions by dispatching a professional technical team for on-site guidance, customizing a specialized cement formulation, and dynamically adjusting the solution through real-time monitoring, ensuring project quality and progress. In addition, Wuxiang Shanshui in the Shanxi Operating Region proactively identified abnormal fluctuations in delivery volumes at Shanhai Mixing Station through data monitoring, and took the initiative to organize quality control and production personnel to conduct on-site visits. Through benchmarking analysis and mix ratio optimization, they successfully mitigated the risk of customer attrition and strengthened the long-term cooperative relationship.

7.4 Supply Chain Management Optimization

The Group takes achieving continuous win-win development with partners as the core objective of its supply chain management. The Group always upholds the basic principles of "openness, fairness and impartiality", standardizes supply chain management, and controls environmental and social risks in the supply chain in accordance with the Group's six basic regulations, namely the Management Measures for Procurement and Supply of Shanshui Group, the Coal Procurement and Supply Management Measures of Shanshui Group, the Management Measures for Centralized Procurement of Materials of Shanshui Group, the Waste and Old Materials Disposal Management Measures of Shanshui Group, the Supplier Management Measures of Shanshui Group (Revised), and the Management Measures for Material Trial (Trial). The Group has established a material supplier management and control system with a three-level structure consisting of the headquarters, operating regions and subsidiaries. The Group strives to implement centralized procurement for general, shared, large-quantity and resource-based materials, and has established a centralized procurement platform.

During the Reporting Period, the Group had a total of 4,000 suppliers, all of which were managed in accordance with the Group's procurement and supply management measures. These suppliers mainly fall into the following five categories: raw fuels and materials; equipment, spare parts and consumable materials; engineering and outsourced construction; transportation; and labor.

During the Reporting Period, the breakdown of suppliers by geographical region is set out in the table below.

Region	Eastern China	Northern China	Northeast China	Southwest China	Northwest China	Central China	Southern China	Total
Number	2,113	886	578	47	162	189	25	4,000

Promoting a Responsible Supply Chain

The Group is committed to building a safe and green sustainable supply chain. The Group identifies and manages potential environmental and social risks throughout the supply chain management process. The Group sets strict supplier access standards, implements supplier classification management, and incorporates supplier assessment, review and elimination into the whole process of supply chain management. During the Reporting Period, suppliers were assessed against various assessment criteria, and 5 suppliers were graded D and blacklisted.

Supplier Access

- When selecting suppliers, the Group fully considers the following factors: supplier's business qualifications, business performance, supply capacity, product quality, product price and social reputation. Under the same conditions, the Group gives priority to enterprises with brand advantages, quality advantages and social responsibility.
- The Group continuously improves the supplier management system and has transferred the supplier access qualification review to online review. By searching from TianYanCha, the Group can quickly and accurately obtain true information on suppliers in terms of reputation, environmental and safety penalties, and conduct background investigations and preliminary screening of suppliers in terms of environmental and social risks. This process applies to all suppliers.
- The Group strictly reviews the qualifications of suppliers and resolutely upholds the red line and bottom line. For example, for suppliers that handle chemicals, the Group strictly reviews whether they are qualified when handling waste oil, and clearly stipulates the disposal requirements in the contract. For construction units entering the site, they are required to sign a safety agreement, and safety requirements are clearly specified in the bidding process to reduce possible social risks.
- In addition, the Group has formulated the Management Measures of Material Trial (Trial) to provide channels for enterprises with technical potential, helping to promote new technology products, achieve a win-win situation, and fulfill social responsibilities.

Supplier Classification Management

- The Group classifies and ranks suppliers and progressively reviews the overall status of the supply chain. Suppliers are assessed in five categories according to the assessment criteria for each type, namely raw fuels and materials; equipment, spare parts and consumable materials; engineering and outsourced construction; transportation; and labor services. The assessment criteria are set according to the characteristics of each supplier category.

Supplier Assessment and Review

- To ensure that suppliers consistently meet the access standards and to continuously optimize the structure of the supplier database, the Group adopts a mechanism of quantitative assessment and survival of the fittest. The Group uses various forms of supplier assessment.
- The Group continuously assesses supplier risks by obtaining real-time information on environmental and social aspects through TianYanCha. For key suppliers with cooperation intentions and significant suppliers, the Group deepens its assessment through on-site inspections, visits and exchanges to mitigate environmental and social risks.
- In addition, all suppliers are subject to quantitative assessment through the supplier management system. Based on the system's real-time recording function, the Group can promptly evaluate suppliers in the event of major safety or environmental incidents. Each subsidiary of the Group conducts a unified assessment of suppliers at the end of the year to ensure that suppliers can provide better service to the Group.

Supplier Grade Adjustment

- Based on the assessment results, the Group adjusts supplier grades. Suppliers with excellent performance are upgraded, and the Group considers increasing the share of cooperation with them. Conversely, the Group requires improvement from unqualified suppliers or considers canceling their business cooperation qualifications and blacklisting them.

Green Procurement

- The Group takes environmental protection as its core principle. On one hand, it continuously purchases energy-saving and consumption-reducing products, imposes strict requirements on environmental pollution, and does not prioritize price over environmental considerations. Most products are procured locally, continuing to achieve energy conservation and environmental protection at the transportation level. On the other hand, based on the characteristics of the cement industry, it actively consumes solid waste materials from other industries, such as fly ash and desulfurized gypsum, to achieve a circular economy at the societal level.

Transparent and Open Procurement

The Group has long been committed to transparent procurement and has set up a dedicated online procurement platform, through which suppliers can participate in tendering and bidding fairly through self-registration. The Group clearly stipulates in the Management Measures for Procurement and Supply that suppliers on the dedicated online procurement platform who meet the bidding requirements may participate in bidding. Qualified bidders shall not be restricted or excluded from participating in bidding, nor shall bidding activities be unlawfully interfered with in any way. Employees participating in bidding must strictly abide by the business code and professional ethics. During the bidding process, all units and personnel participating in bidding shall comply with relevant national laws, regulations and the Group's relevant provisions, adhere to principles and maintain integrity, self-discipline, and confidentiality. Meanwhile, suppliers are also required to sign a self-discipline letter. The Group adheres to openness and transparency in the procurement process, provides contact information for reporting violations and welcomes oversight from the public.

08

Friendly Community, Achieving Prosperity and Win-Win



The Group is committed to fulfilling its corporate social responsibilities. In accordance with relevant laws and regulations such as the Welfare Donations Law of the PRC and the Company Law of the PRC, the Group has further standardized its external donation processes, donation scale, donation scope, and other related matters, and strengthened the management of donations and sponsorships, thereby further demonstrating the Group' s commitment to social responsibility and corporate citizenship.

The Group implements a unified management strategy for external donations and sponsorships launched by its subsidiaries. The scope of the Group' s external donations and sponsorships includes donations and sponsorships to disaster-affected areas, designated poverty alleviation areas, designated assistance areas, disadvantaged social groups, as well as social welfare causes such as science, education, culture, health, environmental protection, and energy conservation and emission reduction. During the Reporting Period, the Group participated in a number of charitable donation activities, with total charitable donations amounting to RMB 3.32 million, and carried out various community welfare activities to show care to those in need. During the Reporting Period, the Group conducted over 120 volunteer services, totaling more than 1,500 hours.



Liaoyang Qianshan, together with Qianshan Cement Community, visited the police station in Xiaotun to express gratitude and delivered fruits and other items



Binzhou Shanshui visited the elderly in the Binbei Central Nursing Home



Shule Shanshui visited local villages to provide assistance, delivering daily necessities such as rice, flour, and oil to villagers



Pingyin Shanshui distributed Mid-Autumn Festival gifts to elderly residents aged 60 and above in four surrounding villages, totaling RMB 220,000



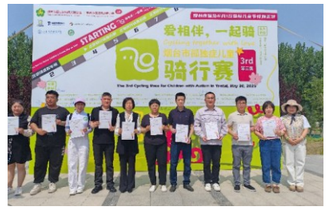
Linqu Shanshui launched the Golden Autumn Scholarship Scheme, distributing scholarships totaling RMB 26,000



Pingyin Shanshui distributed scholarships and suitcases to college-bound high school graduates in four surrounding villages, totaling RMB 110,000



Zibo Shuangfeng launched the Golden Autumn Scholarship Scheme, distributing scholarships totaling RMB 4,000



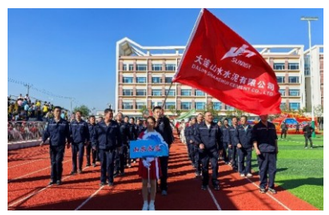
Yantai Shanshui organized Party members to participate in a cycling event for children with autism and donated supplies



Party members of Liaoyang Qianshan engaged in community cleaning activities on the streets in the Qianshan Community



Liaoning Gongyuan donated cement to disaster-affected areas in Huanren to support post-disaster reconstruction



Dalian Shanshui sponsored the district's National Games with RMB 50,000, sent a team of over 30 representatives to participate, and organized a parade to showcase the company's presence

09 SEHK's ESG Reporting Code Index

Mandatory Disclosure Requirements	Description	Relevant Chapter (s) in the Report or Other Explanation
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	4&5
Reporting Principles	A description of, or an explanation on, the application of the reporting principles in the preparation of the ESG report.	1
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	1
General Disclosure Requirements	**Description**	**Relevant Chapter (s) in the Report or Other Explanation**
A. Environmental		
Aspect A1: Emission		
General Disclosure	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	5.1
KPI A1.1	The types of emissions and respective emissions data.	5.1 and 5.2
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	N/A[21]
KPI A1.4	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	N/A[22]
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	5.2
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.	5.2
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	5.3
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).	5.3
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5.3
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	5.3
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.	5.3
KPI A2.5	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	5.3
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	5.4
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5.4
General Disclosure Requirements	**Description**	**Relevant Chapter (s) in the Report or Other Explanation**
B. Social		
Aspect B1: Employment		
General Disclosure	nformation 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.	6.2
KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	6.2
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	6.2
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.	6.1
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	6.1
KPI B2.2	Lost days due to work injury.	6.1
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	6.1

[21] The hazardous waste generated in the production process of the Group is mainly waste engine oil, which is recycled, so this indicator is not applicable

[22] The non-hazardous waste generated in the production process of the Group is recycled, so this indicator is not applicable.

Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6.3
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	6.3
KPI B3.2	The average training hours completed per employee by gender and employee category.	6.3
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.	6.2
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	6.2
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	6.2
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	7.4
KPI B5.1	Number of suppliers by geographical region.	7.4
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.	7.4
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	7.4
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	7.4
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.	7.1 and 7.2
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	7.1
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	7.2
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	7.2
KPI B6.4	Description of quality assurance process and recall procedures.	7.1
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	7.2

Aspect B7: Anti-corruption		
General Disclosure	nformation 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.	4.5
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.	4.5
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	4.5
KPI B7.3	Description of anti-corruption training provided to directors and staff.	4.5
Aspect B8：Community		
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.	8
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	8
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	8
Governance		
Governance	The issuer shall disclose information about: (a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities; and (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	4.3
Strategy		
Climate-related risks and opportunities	The issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term.	5.5
Business model and value chain	The issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain.	5.5
Strategy and decision-making	The issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making.	5.5

Strategy		
Financial position, financial performance and cash flows	Current financial effect: The issuer shall disclose qualitative and quantitative information about: (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	5.5[23]
	Anticipated financial effect: The issuer shall provide qualitative and quantitative disclosures about: (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration its investment and disposal plans and its planned sources of funding to implement its strategy; and (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	5.5[24]
Climate resilience	The issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range.	5.5
Risk Management		
Risk Management	The issuer shall disclose information about: (a) the processes and related policies it uses to identify, assess, prioritize and monitor climate-related risks, including information about the inputs and parameters, whether and how it uses climate-related scenario analysis, how it assesses the nature, likelihood and magnitude of effects, whether and how it prioritizes climate-related risks relative to other types of risks, and how it monitors these risks; (b) the processes it uses to identify, assess, prioritize and monitor climate-related opportunities (including whether and how it uses climate-related scenario analysis to inform its identification of climate-related opportunities); and (c) the extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	5.5
Metrics and Targets		
Greenhouse gas emissions	The issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO equivalent, classified as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions.	5.2
	The issuer shall disclose the approach it uses to measure its greenhouse gas emissions.	5.2

[23]Regarding quantitative data on current or expected financial impacts, the specific effects of climate-related risks or opportunities (such as production disruptions or logistics delays caused by extreme weather) on financial performance are difficult to isolate from other market factors (such as fluctuations in fuel prices). Moreover, the models involved in quantitative assessment are subject to significant uncertainty. Therefore, the Group has not provided quantitative data on the financial impacts of climate risks during the Reporting Period. Nevertheless, the management believes that climate risks did not have a significant adverse impact on the Group' s financial position during the Reporting Period.

[24]Regarding expected financial impacts, given that accurately forecasting financial impacts under long-term climate scenarios requires complex actuarial models and long-term historical data, the Group is currently in the preliminary stage of establishing relevant data collection and assessment capabilities. Therefore, quantitative data on expected financial impacts cannot be provided in this Reporting Period. We will continue to monitor developments in relevant assessment methodologies and plan to make disclosures in due course when conditions mature.

Metrics and Targets		
Climate-related transition risks	The issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks	Not Applicable[25]
Climate-related physical risks	The issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Not Applicable[26]
Climate-related opportunities	The issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Not Applicable[27]
Capital deployment	The issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	6.1
Internal carbon prices	The issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions.	5.5
Remuneration	The issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement.	Not Applicable[28]
Industry-based metrics	The issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterize participation in an industry.	5.2, 5.3 and 5.4
Climate-related targets	The issuer shall disclose: (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets.	5.2
	The issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target.	5.2
	The issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	5.2
Applicability of cross -industry metrics and industry-based metrics	In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of (i) cross-industry metrics and (ii) industry-based metrics.	5

[25]Given that accurately quantifying assets or business activities exposed to climate-related physical risks, transition risks, and opportunities requires substantial technical resources and specialized analytical capabilities, conducting such a comprehensive assessment at this stage would entail high costs with limited benefits. Therefore, the Group has not disclosed the specific amounts or proportions of affected assets during this Reporting Period. We have already identified high-risk areas through qualitative analysis and are concentrating resources on key controls for these areas.

[26]Same as above.

[27]Same as above.

[28]During the Reporting Period, climate-related factors have not been taken into consideration in the compensation system. The Group will continue to monitor market best practices and further refine its compensation system in the future.

10 Definitions

In the Report, unless otherwise stated, the following words and expressions have the following meanings:

Eastern Shandong Operating Region	For	Business located at the Eastern Shandong Province, including Weifang, Qingdao, Yantai, Weihai, etc.
Western Shandong Operating Region	For	Business located at the Central and Western Shandong Province, including Zibo, Jinan and Hebei Province and Tianjin, etc.
Southern Shandong Operating Region	For	Business located at the Southern Shandong Province, including Zaozhuang, Jining, Heze and Henan Province, etc.
Northeast China Operating Region	For	Business located at Liaoning Province, the Eastern Inner Mongolia, Jilin Province etc.
Shanxi Operating Region	For	Business located at Shanxi Province, Shaanxi Province etc.
Xinjiang Operating Region	For	Business located at Kashi, Xinjiang
Linqu Shanshui	For	Linqu Shanshui Cement Co., Ltd., belonging to Eastern Shandong Operating Region
Anqiu Shanshui	For	Anqiu Shanshui Cement Co., Ltd., belonging to Western Shandong Operating Region
Liaocheng Shanshui	For	Liaocheng Shanshui Cement Co., Ltd., belonging to Western Shandong Operating Region
Tianjin Shanshui	For	Tianjin Shanshui Cement Co., Ltd., belonging to Western Shandong Operating Region
Zibo Shanshui	For	Zibo Shanshui Cement Co., Ltd., belonging to Western Shandong Operating Region
Pingyin Shanshui	For	Pingyin Shanshui Cement Co., Ltd., belonging to Western Shandong Operating Region
Zaozhuang Chuangxin	For	Zaozhuang Chuangxin Shanshui Cement Co., Ltd., belonging to Southern Shandong Operating Region
Bohai Cement	For	Bohai Cement (Huludao) Co., Ltd., belonging to Northeast China Operating Region
Zhaqi Shanshui	For	Jalaid Qi Shanshui Cement Co., Ltd., belonging to Northeast China Operating Region
Dalian Shanshui	For	Dalian Shanshui Cement Co., Ltd., belonging to Northeast China Operating Region
Shenyang Shanshui	For	Shenyang Shanshui Gongyuan Cement Co., Ltd., belonging to Northeast China Operating Region
Shanshui Heju	For	Jincheng Shanshui Heju Cement Co., Ltd., belonging to Shanxi Operating Region
Jincheng Shanshui	For	Jincheng Shanshui Cement Co., Ltd., belonging to Shanxi Operating Region
Wuxiang Shanshui	For	Wuxiang Shanshui Cement Co., Ltd., belonging to Shanxi Operating Region
Shuozhou Shanshui	For	Shuozhou Shanshui New Era Cement Co., Ltd., belonging to Shanxi Operating Region
Yingjisha Shanshui	For	Yingjisha Shanshui Cement Co., Ltd., belonging to Xinjiang Operating Region
Lvliang Shanshui	For	Lvliang Shanshui Cement Co., Ltd., belonging to Shanxi Operating Region
Weishan Shanshui	For	Weishan Shanshui Cement Co., Ltd., belonging to Southern Shandong Operating Region
Taiyuan Shanshui	For	Taiyuan Shanshui Cement Co., Ltd., belonging to Shanxi Operating Region
Yishui Shanshui	For	Yishui Shanshui Cement Co., Ltd., belonging to Eastern Shandong Operating Region
Kazuo Company	For	Kalaqin Left Congyuanhao Cements Co.,Ltd. belonging to Northeast China Operating Region
Liaoning Gongyuan	For	Liaoning Shanshui Gongyuan Cement Co., Ltd., belonging to Northeast China Operating Region
Kangda Cement	For	Kangda (Shandong) Cement Co., Ltd., belonging to Eastern Shandong Operating Region
Liaoyang Qianshan	For	Liaoyang Qianshan Cement Co., Ltd., belonging to Northeast China Operating Region
Linfen Shanshui	For	Linfen Shanshui Cement Co., Ltd., belonging to Shanxi Operating Region
Rizhao Shanshui	For	Shandong Shanshui Cement Group Co., LTD. Rizhao Branch, belonging to Eastern Shandong Operating Region
Shule Shanshui	For	Shule Shanshui Cement Co., Ltd., belonging to Xinjiang Operating Region
Binzhou Shanshui	For	Binzhou Shanshui Cement Co., Ltd., belonging to Western Shandong Operating Region
Leling Shanshui	For	Leling Shanshui Cement Co., Ltd., belonging to Western Shandong Operating Region
Zibo Shuangfeng	For	Shenyang Shuangfeng Cement Co., Ltd., belonging to Western Shandong Operating Region
Yantai Shanshui	For	Yantai Shanshui Cement Co., Ltd., belonging to Eastern Shandong Operating Region
Panjin Shanshui	For	Panjin Shanshui Cement Co., Ltd., belonging to Northeast China Operating Region
Shanshui Heavy Industries	For	Shandong Shanshui Heavy Industries Co., Ltd.
Gucheng Shanshui	For	Gucheng Shanshui Cement Co., Ltd., belonging to Western Shandong Operating Region
Wulanhaote Shanshui	For	Wulanhaote Shanshui Cement Co., Ltd., belonging to Northeast China Operating Region
Chaoyang Shanshui	For	Chaoyang Shanshui Dongxin Cement Co., Ltd., belonging to Northeast China Operating Region
Aqi Shanshui	For	Alu Kerqin Qi Shanshui Cement Co., Ltd., belonging to Northeast China Operating Region
Chifeng Yuanhang	For	Chifeng Shanshui Yuanhang Cement Company Limited, belonging to Northeast China Operating Region
Hequ Zhongtianlong	For	Hequ Zhongtianlong Cement Co., Ltd, belonging to Shanxi Operating Region
Baishan Shanshui	For	Baishan Shanshui Cement Co., Ltd., belonging to Northeast China Operating Region
Changle Shanshui	For	Changle Shanshui Cement Co., Ltd., belonging to Eastern Shandong Operating Region
Weifang Shanshui	For	Weifang Shanshui Cement Co., Ltd., belonging to Eastern Shandong Operating Region
Weihai Shanshui	For	Weihai Shanshui Cement Co., Ltd., belonging to Eastern Shandong Operating Region
Kenli Shanshui	For	Kenli Shanshui Cement Co., Led., belonging to Western Shandong Operating Region
Xinghao Cement	For	Yantai Xinghao Shanshui Cement Co., Ltd., belonging to Eastern Shandong Operating Region
Weifang Ningshi	For	Weifang Ningshi Building Material Co., Ltd., belonging to Eastern Shandong Operating Region
Qingdao Chuangxin	For	Qingdao Shanshui Chuangxin Cement Co., Ltd., belonging to Eastern Shandong Operating Region
Rushan Shanshui	For	Rushan Shanshui Cement Co., Ltd., belonging to Eastern Shandong Operating Region
Shache Shanshui	For	Shache Shanshui Cement Co., Ltd., belonging to Xinjiang Operating Region
Clinker	For	A semi-finished product in the cement production process
Commercial concrete	For	Commercial concrete, also named as ready mixed concrete
PRC or China	For	The People’ s Republic of China
Hong Kong	For	Hong Kong Special Administrative Region of the PRC
14th Five-Year Plan”	For	“14th Five-Year Plan” with the full name of the Outline of the 14th Five-Year Plan for National Economic and Social Development of the People’ s Republic of China
15th Five-Year Plan”	For	“15th Five-Year Plan” with the full name of the Outline of the 15th Five-Year Plan for National Economic and Social Development of the People’ s Republic of China