

# BAOYE GROUP COMPANY LIMITED 寶業集團股份有限公司

(A joint stock limited company incorporated in the People's Republic of China) (於中華人民共和國註冊成立的股份有限公司) Stock Code 股票代號: 2355

# 2024

Environmental, Social and Governance Report 環境、社會及管治報告





# From Construction to Manufacturing





製造 帶領中國建築業走向產業化

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# **ABOUT THIS REPORT**

This is the ninth Environmental, Social and Governance ("ESG") Report (this "Report") issued by Baoye Group Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group", "Baoye Group", "Baoye" or "we"), which aims to report the Group's ESG management performance and impacts, thereby strengthening communication with stakeholders. Please refer to the Group's "Corporate Governance Report" in the *Annual Report 2024 of Baoye Group Company Limited* for more details on the Group's corporate governance structure and practices.

### **REPORTING SCOPE**

Unless otherwise specified, this Report covers the period from 1 January 2024 to 31 December 2024 (the "Reporting Period" ).

Unless otherwise specified, the information and data disclosed in this Report cover the Company and its major subsidiaries, which are consistent with the consolidated financial statements in the *Annual Report 2024 of Baoye Group Company Limited*. The scope of this Report covers three of the Group's principal activities:

- Construction provision of construction services;
- Property development development and sale of properties; and
- b Building materials manufacture and distribution of industrialized construction materials.

For the convenience of expression, the following expressions in this Report have the following meanings:

- Anhui Baoye: Baoye Anhui Company Limited, a subsidiary of the Company
- 🖕 Baoye Construction: Zhejiang Baoye Construction Group Company Limited, a subsidiary of the Company
- Baoye Industrialization: Zhejiang Baoye Building Materials Industrialization Company Limited, a subsidiary of the Company
- Baoye Real Estate: Zhejiang Baoye Real Estate Group Company Limited, a subsidiary of the Company
- 🖕 Hubei Baoye: Baoye Hubei Construction Group Company Limited, a subsidiary of the Company
- Zhejiang Baoye Modern Building Industrial: Zhejiang Baoye Modern Building Industrial Manufacturing Company Limited, a subsidiary of the Company
- 🖕 Hubei Baoye Building Industrial: Hubei Baoye Building Industrial Company Limited, a subsidiary of the Company

### **PREPARATION BASIS**

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The Group has prepared this Report in accordance with Appendix C2 Environmental, Social and Governance Reporting Guide (the "ESG Guide") set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited ("SEHK"). The Group has complied with all mandatory disclosure requirements and the "comply or explain" provisions in the ESG Guide. In addition, this Report has been prepared in adherence with the reporting principles set out in the ESG Guide, including:

**Materiality: ESG issues are reported to have a significant impact on investors and other stakeholders** During the preparation of this Report, the Group used various communication channels to understand stakeholders' expectations on the Group's sustainable development, and conducted a materiality assessment to identify key issues that are important to the Group and ESG issues that require material disclosure.

**Quantitative: Key Performance Indicators (KPIs) in respect of historical data must be measurable** The Group continuously records and discloses quantitative indicators related to its business in accordance with the requirements of the ESG Guide. In addition, the Group has disclosed the standards, methods and assumptions used in the calculation of environmental and social data, and the sources of unit conversion factors used.

Balance: Avoid selections, omissions, or presentation formats that may inappropriately influence a

#### decision or judgment by the report reader

This Report provides an unbiased disclosure of the Group's ESG performance during the Reporting Period, including its achievements, impacts, challenges faced, etc., and formulates response plans.

**Consistency: Consistent methodologies are used to allow for meaningful comparisons of ESG data over time** There were no significant changes in the nature of the Group's principal activities and the scope of business reported in this Report during the Reporting Period. Unless otherwise stated, this Report uses data statistics and calculation methods consistent with previous reports to make meaningful comparisons of data.

Appendix II of this Report provides the content index of the ESG Guide for readers' easier reference.

## **CONFIRMATION AND APPROVAL**

The Board of Directors of the Company (the "Board") has reviewed and approved this Report to confirm the reliability, accuracy and completeness of the information disclosed in this Report.

## **YOUR FEEDBACK**

We are keen to listen to the views of our stakeholders and will take into account the views of all stakeholders to drive the sustainability of the Group. Should you have any suggestions regarding the Group's ESG performance and this Report, please feel free to reach us via the contact details.

### **Investor Relations Department:**

Tel: 86-575-84135837 Fax: 86-575-84118792 Email: irbaoye@baoyegroup.com

# **CHAIRMAN'S STATEMENT**

#### To the Shareholders:

On behalf of the Board, I am pleased to report the audited financial results of Baoye Group Company Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2024. For the year ended 31 December 2024, the Group achieved audited consolidated revenue of approximately RMB22,338,716,000, representing a decrease of approximately 15.6% as compared to last year; profit attributable to owners of the Company amounted to approximately RMB409,907,000, representing a significant decrease of approximately 53.9% as compared to last year; earnings per share was RMB0.79, representing a significant decrease of approximately 53.3% as compared to last year. Given the continuous shake-up adjustments of the industry and the Group's potential land acquisition in first-tier cities, in order to ensure the sustainable, stable and healthy development of the Company, the Board proposed the payment of a final dividend of RMB0.12 for the year ended 31 December 2024 for keeping abundant financial resources as a stepping stone for securing orders. Details of operating and financial performance of the Group will be discussed in the "Management Discussion and Analysis" section of this annual report.

In June 2023, I resigned as an executive Director and the chief executive officer, and I am honored to continue serving as the Chairman of the Board. I hope to lead the Board in developing and ensuring good corporate governance practices and procedures of the Company, while encouraging more young people to join the Board and actively participate in its operation and management. For more than a year, I have been pleased to see them fully engaged in the Board affairs. In their efforts to ensure that all aspects of business operations are in the best interests of the Company, they have cooperated with business management team in good faith and championed a corporate culture rooted in openness, democracy, science, and active discussion, thereby exploring strategies for Baoye to survive and thrive against industry downturn.

We have to be clearly aware that China has witnessed a radical transformation of our industry environment, mainly manifested in the general completion of urbanisation and the large-scale infrastructure construction, a significant increase in per capita housing space, as well as major shifts in population structure and population size. As such, traditional construction and real estate sectors can never return to its former prosperity. However, there are no sunset industries, only sunset enterprises, which means the changes in the industry environment are hardly equal to the vanishment of the industry. In light of the industry reshuffle, we should now place a high priority on finding a path to Baoye's sustainable development in the future. In addition, people's aspirations to live a better life are imbued with rich connotations, of which high-quality housing with low energy consumption is undoubtedly an important component. Specifically, we should consider how to provide such products to society in the incremental market, and how to leverage our strengths in construction industrialisation to transform and upgrade existing ageing buildings, with a view to delivering to the market and society a living space that embodies the vision of a better life.

Give full play to Baoye's full-industrial-chain advantage. Amidst the current international competition, China is the only country in the world with the entire industrial chain, which is home to 41 major industrial categories, 207 intermediate industrial categories and 666 small industrial categories, being the only country that has all the industrial categories in the United Nation's International Standard Industrial Classification of All Economic Activities. It is thanks to such fullindustrial-chain advantage that China has been able to effectively oppose technology blockade imposed by some countries and gained a more advantageous position in international competition. This is true for competitions between countries, and the same applies to the survival and development of enterprises. The Group was widely recognised by the market for its

"three-pronged" business model of "construction, construction industrialisation, property development" when it went public in 2003. And then over the past two decades, the rapid development of construction, real estate and related building materials has been driven by multiple factors, including China's massive urbanisation, people's urgent demand for improved housing quality, more priority to soaring real estate prices than to housing quality, and low labour costs brought about by demographic dividend. That is to say, the era gave rise to those "100-billion-yuan Property Developers". When the tide goes out, residents generally shift their focus of housing demand from quantity to quality, and with growing expectations of better working conditions and higher wages, there are fewer and fewer construction workers among the younger generation. Hence, as our construction and real estate sectors can no longer be developed in previous way, it is essential to pursue "technology-industry-trade" development and give full play to our full-industrial-chain advantage of construction, property development, and construction industrialisation. In terms of property development, we have been able to provide quality residential products of

"one-hundred-year housing" to first-tier cities through our full-industrial-chain mode from land acquisition, design, manufacturing, construction to well-decorated delivery, while drawing together various internal and external resources: the all-round economic and technical cooperation with the world's leading construction industrialisation companies such as Daiwa House in Japan (a Fortune Global 500 firm) and Sievert Company in Germany, and the integration of 80,000 building parts and components, from international high-quality housing parts like quick-mix dry-mixed thermal insulating anticrack mortar in Germany, Mitsubishi lifts, Daikin air conditioners and LIXIL System Housing in Japan, to our self-developed doors and windows of Naisheng system and wooden products of Naibao series. In 2024, Baoye continued to grapple with tough problems in the fields of construction industrialisation integration and building energy efficiency. Building on the momentum of the Q-value experiment of building energy consumption in 2023 (saving over 53.9% energy compared with the prevailing standard), our scientific research team who have made coordinated efforts to surmount multiple challenges successfully carried out the experiment of building energy efficiency project in China's severe cold and cold regions (four provinces including Heilongjiang, Jilin, Liaoning, and Shaanxi) at the end of September 2024. In this regard, our main business is indispensable to scientific and technological innovation that requires sustained efforts. Since 1996, when I attended the first national conference on construction industrialisation in Tianjin, Baoye has long been devoted to construction industrialisation and building energy efficiency for nearly three decades. With regard to scientific and technological innovation, the Group will uphold the spirit of "break through upward', brave "no man's land", and forge ahead towards the vision of "tech craftsmen, industry leaders"; and meanwhile, we strive to "take root downward", which means we should think small, taking into account electricity saving per unit area. These efforts made on Baoye's platform promise to contribute to the reduction of energy

The Group has been publishing its environmental, social and governance report since 2016. We employ

consumption throughout production, manufacturing and

professional third-party agencies to help us to disclose qualitative and quantitative indicators that meet industry characteristics in a more detailed manner. In corporate governance, climate change is integrated into its governance responsibilities. The Group is dedicated to preserve its longstanding operational philosophy in providing and disclosing transparent information that would bring our business partners in sync with our corporate direction. The Group has taken various activities and steps towards its responsibility for environment and society, details of which are shown on the "Environmental, Social and Governance Report 2024" published at the same day.

### **APPRECIATION**

Last but not least, I, on behalf of the Board, would like to extend my sincerest thanks to our shareholders, investors, customers, vendors, banks, and other intermediaries for their continuous patronage and support; special thanks to our loyal employees for their hard work and dedication to achieving success, and together, we look forward to many more rewarding years for our shareholders, to witnessing the evolution of China's construction industry, and to making meaningful contributions to society.

## Mr. Pang Baogen

Chairman of the Board 28 March 2025



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# STRIVING FOR EXCELLENT GOVERNANCE

Sustainability Governance
Stakeholder Engagement
Materiality Assessment



# SUSTAINABILITY GOVERNANCE

## **GOVERNANCE STRUCTURE**

#### **ESG Risk Management**

- The Board identifies and discusses ESG risk prevention measures through the materials submitted by the ESG Working Team;
- The Internal Audit mainly focuses on the potential cost risks associated with ESG risks and reduces risks of various projects.

### **ESG Goal Setting**

- The Board authorizes the operation management team to manage ESG goals;
- The Board will consider disclosing other quantitative or orientational targets based on the changes in material issues every year.

### ESG Performance Monitoring

- The Board will control the progress of achieving the Group's environmental goals based on the reports of the operation management team;
- Before the publication of the annual ESG report, the Board will review the information in the report, compare the previous reports vertically, review the reasons for the changes based on the data changes, and develops targeted improvement on policies accordingly.

The Group has officially established an Environmental, Social, and Governance Committee (the "ESG Committee" or the "Committee") and has formulated relevant documents that clearly define the composition and scope of responsibilities of the Committee. The ESG Committee is composed of members appointed by the Board of Directors from among its directors, with a minimum of three members (the "Member(s)"), the majority of whom must be independent non-executive directors. The appointment and removal of all Committee members are determined by the Board of Directors. The ESG Committee is chaired by a chairman, who is responsible for presiding over the Committee's activities, attending the Annual General Meeting, and addressing shareholders' questions regarding the Committee's affairs. The Chairman of the ESG Committee is also appointed and removed by the Board of Directors.

To comprehensively implement the Group's sustainability initiatives, the Committee has established an ESG Working Team (the "ESG Working Team") as its executive body. The ESG Working Team is composed of leaders from various functional departments and subsidiary companies responsible for ESG matters, who jointly oversee the implementation of relevant policies. The ESG Committee convenes at least once annually, and the Committee Chair may propose ad hoc meetings when important matters requiring resolution arise.

The primary responsibilities of the ESG Committee include comprehensively formulating and regularly reviewing the Group's ESG management policies, strategies, and framework. The Committee examines ESG-related policies, regulations, and industry trends, providing advisory recommendations to the Board of Directors to ensure the Group's ESG strategy and operations comply with applicable legal and regulatory requirements. The Committee is also responsible for overseeing the development and implementation of the Group's ESG objectives, setting ESG management objectives for Board approval, and regularly reviewing progress toward these objectives. It proposes actions and resource support needed to achieve the objectives and identifies ESG risks and opportunities. The Committee promptly reports significant trends that may impact the Group's ESG strategy to the Board, assesses their implications, and provides recommendations for addressing them. Additionally, the Committee raises inquiries on major operational matters affecting the Group's fulfilment of social responsibilities and oversees the handling of such matters. It monitors communication with stakeholders, gathers their feedback on ESG initiatives, and guides and reviews the Group's analysis of material ESG issues. Furthermore, the Committee reviews the ESG report and reports to the Board, proposing specific action plans or decision-making recommendations to ensure the completeness of the ESG report. It also fosters a top-down positive culture that fully integrates ESG considerations into the business decision-making process.

Under the guidance of the ESG Committee, the ESG Working Team is responsible for the comprehensive implementation of ESG management. The ESG Committee appoints a leader for the ESG Working Team, whose members include heads of various departments within the Group, such as Investor Relations Department, Finance Department, Audit Department, Compliance Department, Legal Department, Human Resources Management Department, Administration Department, Quality Management Department, Supply Chain Management Department, Marketing Department and other departments, as well as representatives from subsidiary companies. The specific responsibilities of the ESG Working Team include formulating and executing detailed ESG work plans in alignment with the Group's ESG management policies, strategies, and objectives. The Working Team analyzes the relevance of material ESG issues to the Group's strategy, vision, values, and business operations, assesses the relationship between ESG risks and the Group's overall risk management framework, and proposes risk mitigation measures. Additionally, the Working Team regularly collects and analyzes ESG-related KPI data, submitting it to the ESG Committee for review to ensure a comprehensive understanding of the Group's ESG risk profile. It also assists in preparing the annual ESG report, which is submitted to the ESG Committee and the Board of Directors for review and approval before disclosure. To enhance ESG management standards, the ESG Working Team actively gathers policy information and disclosure requirements related to ESG reporting from the Stock Exchange. It also collects best practices in environmental protection, social responsibility, and internal management systems, compiling them into reference materials for management. The ESG Working Team is responsible for implementing ESG policy documents issued by senior management, ensuring effective coordination with subsidiary companies, and promoting the full integration of ESG initiatives across the Group. Furthermore, the ESG Working Team holds monthly meetings to review progress, identify challenges, and propose improvement measures, continuously optimizing the ESG management system.



The ESG risks and key internal management measures of the Group are summarized as follows:

ESG Risk	Key Internal Management Measures of the Group			
Climate Risk	<ul> <li>Implement a flexible working system and close doors, windows, and power supplies every day</li> <li>Implement daily and night shifts of employees and supervise typhoon and other emergency risks</li> <li>Tracking and research cutting-edge building technologies, striving to create green buildings with high performance, high comfort and low energy consumption</li> </ul>			
Control Contro	<ul> <li>Strictly regulate building materials products that are harmful to humans and the environment</li> <li>Constantly monitor radiation intensity to ensure it meets national standards</li> <li>Conduct stringent quality inspections on the construction sites to ensure the quality of the projects is up to standard</li> </ul>			
Supply Chain Management	<ul> <li>Priority will be given to suppliers from the <i>List of Qualified Suppliers</i></li> <li>Comprehensively inspect various indicators of suppliers, such as qualification, supply capacity, price, safety, environmental protection and quality system certification, etc.</li> </ul>			
Technological Innovation	<ul> <li>Actively realize green construction and actively participate in the formulation of industry technical standards</li> </ul>			
Infectious Disease Prevention	<ul> <li>Set up a pandemic emergency management team</li> <li>Establish health records for each employee to regularly check and update the health status of employees</li> </ul>			
Cccupational Safety & Health	<ul> <li>Establishment of labor safety and health system</li> <li>Conducting education on labor safety and health</li> <li>Establishment of occupational disease prevention and control mechanisms</li> </ul>			

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# **STAKEHOLDER ENGAGEMENT**

During the Reporting Period, the Group has consistently strengthened communication and collaboration with various stakeholders. By leveraging multiple channels, the Group has ensured the efficient dissemination of information and gained a comprehensive understanding of the evolving dynamics and genuine needs of its stakeholders. This robust communication framework has served as a critical foundation for devising actionable sustainability initiatives, significantly enhancing the Group's operational efficiency. Moreover, the Group has cultivated close-knit partnerships with its stakeholders, jointly exploring and addressing potential challenges. This collaborative approach has unlocked new opportunities for sustainable development, fostering a mutually beneficial environment that propels both parties toward shared success.

Major Stakeholders	Issues of Concern	Communication Channel
중 Shareholders/ Investors	<ul> <li>Compliance operation</li> <li>Employee health and safety</li> <li>Quality of products and services</li> </ul>	<ul> <li>General Meeting</li> <li>Information disclosure</li> <li>Interim or annual results presentation and other activities</li> </ul>
Government & Regulators	<ul> <li>Employee health and safety</li> <li>Anti-corruption</li> </ul>	<ul><li>Governmental meetings</li><li>Reporting and monitoring</li></ul>
Employees	<ul> <li>Employee health and safety</li> <li>Employee development and training</li> <li>Employee diversity and equal opportunities</li> <li>Employment policy and employee benefits</li> </ul>	<ul> <li>Interviews</li> <li>Training</li> <li>Employee activities</li> </ul>
ြဲ႕ Customers	<ul> <li>Quality of products and services</li> <li>Use of resources</li> <li>Green Procurement</li> </ul>	<ul> <li>Customer complaints mechanism</li> <li>Customer satisfaction survey</li> </ul>
Suppliers/ Contractors	<ul> <li>Green procurement</li> <li>Supply chain management</li> <li>Compliance operation</li> </ul>	<ul> <li>Email communication</li> <li>Telephone interviews</li> <li>Site visits</li> </ul>
ခြာ Communities	<ul> <li>Quality of products and services</li> <li>Technology R&amp;D and innovations</li> </ul>	<ul><li>Community participation</li><li>Charity donation</li></ul>
ြဲ Media	<ul> <li>Environment and natural Resources</li> <li>Compliance operation</li> </ul>	<ul> <li>Press conference</li> <li>Email communication</li> <li>Telephone interviews</li> </ul>

## **ENGAGING IN PROFOUND DIALOGUE AND COLLABORATION WITH STAKEHOLDERS**

Through a variety of multi-level engagement activities with our stakeholders, we have gained a profound understanding of their current development status and practical needs. By successfully integrating their requirements and feedback into the Group's strategic planning, we have fostered collaborative growth and achieved mutually beneficial outcomes.



# **MATERIALITY ASSESSMENT**

To gain a deeper understanding of stakeholders' key concerns and expectations regarding the Group's ESG issues, the Group conducted an ESG materiality assessment during the Reporting Period. This initiative aimed to identify material topics closely aligned with the Group's sustainable development goals. The materiality assessment was primarily conducted in the following three steps:

Based on the ESG Guide, industry peers' focus areas, and past communication outcomes with stakeholders, the Group identified relevant ESG issues. These issues were then reviewed and filtered by the Group's senior management, resulting in the selection of

**28** ESG issues.

# **IDENTIFICATION**



Stakeholders were invited to evaluate the significance of each ESG issue through an online survey. The survey garnered participation from 236 stakeholders, including representatives from the Board of Directors, management, employees, shareholders and investors, government and regulatory bodies, customers, suppliers, community members, and the media.

# PRIORITIZATION

Each issue was analyzed across two dimensions: "importance to stakeholders" and "importance to the Baoye Group." Based on the survey results, a materiality matrix was developed. During the Reporting Period, 11 material issues were identified. The analysis results were submitted to the Board of Directors for review, and the Board verified and finalized the Group's material issues for 2024.

# ANALYSIS & VERIFICATION



The following presents the analysis results of this assessment, and the material issues identified for 2024. In this Report, we will focus on disclosing the management approaches, specific initiatives, and performance metrics related to these issues. This comprehensive disclosure aims to demonstrate the Group's commitment and practices in the field of sustainable development.



2024 ESG REPPORT

BAOYE GROUP COMPANY LIMITED

# COMMITMENT TO RESPONSIBLE OPERATION

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- Strengthening the Foundation of Quality Control
- Crafting Homes with Excellence
- High-Efficiency Industrialized Construction
- Enhancing Interactive Collaboration
- Creating Sustainable Supply
- Integrity Drives Sustainable Growth





We consistently prioritize quality as the cornerstone of our corporate development, and are fully committed to promoting the realization of the goals of building energy efficiency and carbon neutrality, with technological innovation as the engine, market demand as the guide, efficient management as the foundation, and continuous innovation as the driving force. By leveraging digital technologies to empower end-to-end management, we deeply explore technological potential and focus on enhancing the core value of our products. We are dedicated to delivering highquality, environmentally friendly, energy-efficient, and safe building solutions to society, supporting the construction industry's transition toward green and intelligent practices.

This year, we made significant strides in the field of high-standard residential construction, adding three new projects to our portfolio: Green Life, Ruiyuan of

Baoye Four Seasons Garden, and a Plot south of the Shaoxing City. These projects deeply integrate innovative concepts such as "Good House," "One-Hundred-Year Housing," "Fourth-Generation Stereoscopic Ecological Architecture," and "Low-Carbon Buildings," aiming to deliver higher-dimensional, high-quality residential products. Our "Low-Carbon Technology of One-Hundred-Year Housing" and "Residential Energy Consumption Q-Value Technology" were recognized for their exceptional performance in energy efficiency and were recommended by the National Development and Reform Commission and the Ministry of Industry and Information Technology to represent China in the international "Double Top Ten", further advancing the global development of green building technologies.

In the realm of technological research and application, we have centered our efforts around the concept of "environmental symbiosis," drawing inspiration from the principles of "ant colonies." By integrating cuttingedge technologies such as automated lighting management systems, air management systems, visual intelligent management systems, and 5D construction management systems into our architectural designs, we have significantly enhanced building energy efficiency. These innovations have created more comfortable and healthy living environments for users, successfully establishing a benchmark model in China's building energy efficiency sector.

We strive to become a new representative of higher-dimensional development, a new practitioner of carbon neutrality, and the "backbone" component of the development of urban manufacturing clusters in construction industrialization and energy strategy in China.



During the Reporting Period, under the coordinated leadership of the Board of Directors, the Group's Quality and Safety Control Team, the Office of Building Industrialization Management, the Shareholders' Liaison Team, and other professional departments conducted targeted inspections on engineering quality and safety across multiple projects in regions such as Shanghai, Lishui, Quzhou, and Anhui. By conducting on-site visits and thorough assessments, we comprehensively evaluated the quality and safety management of each project, ensuring compliance with construction standards and safety requirements.

On January 19, 2024, Baoye conducted quality and safety spot checks on multiple construction projects in Shanghai. Senior executives and expert teams carried out in-depth inspections and held a summary meeting, emphasizing the need for regional companies to implement the requirements of the 2024 operational work conference. They stressed the strict enforcement of the lifelong accountability system for engineering quality and safety, enhanced safety control, thoroughly reviewed issues, and intensified rectification efforts. Additionally, they called for strategic planning in operations, staying aligned with policies, innovating marketing approaches, and strengthening financial control measure.

# STRENGTHENING THE FOUNDATION OF QUALITY CONTROL

## **PROJECT QUALITY**

We place strong emphasis on the stability and reliability of project quality, striving to deliver higher-quality building products and services to our clients. Departments across the Group work closely with the engineering division, leveraging their respective functions to collaboratively achieve excellence in construction. To ensure project quality, we have established a comprehensive project quality accountability system, clearly defining the specific tasks, responsibilities, and authorities of leadership, functional departments, and project managers. Additionally, we have implemented a robust project quality accountability mechanism to ensure that relevant parties are held responsible for any quality-related incidents. To further standardize quality management, the Group has developed the *Evaluation of Project Quality Management and Performance Appraisal*, which outlined various project quality management standards. These measures cover two critical phases—initial planning and process inspection—ensuring comprehensive protection of project quality and safety.

During the Reporting Period, the Group strictly adhered to national laws and regulations related to engineering quality and fully implemented the requirements of the *Quality Management System (ISO 9001:2015)* and the *Quality Management Standards for Construction Enterprises (GB/T 50430)*. These efforts ensured the standardization and effectiveness of our engineering quality management. Through regular quality training and skill enhancement initiatives, we strengthened the quality awareness of all employees, ensuring that every team member is proficient in quality management standards and operational procedures.

To continuously optimize our quality management system, we will rigorously implement the national requirements for lifelong accountability in engineering quality and safety, incorporating them as a critical component of contractual evaluations. The Quality and Safety Team of the parent company and the Building Industrialization Office have fully leveraged their supervisory and inspection functions to ensure that all operations are data-driven, standards-compliant, and clearly accountable. From management to frontline workers, every unit and subordinate project department has reinforced its commitment to quality and safety responsibilities, strengthened on-site control measures, and comprehensively enhanced product quality.

We adhere to the principle of leading by example, continuously revisiting, promoting, and reinforcing the standards and norms for quality, safety, and civilized construction to ensure these standards are deeply understood and effectively implemented. At the same time, we rigorously enforce self-inspection and self-assessment mechanisms, strengthening issue rectification and improvement. The results of these self-assessments are regularly reported to the parent company to ensure comprehensive coverage and effective operation of the quality and safety management system. Through these measures, we are committed to building a quality and safety management system characterized by clear accountability, strong execution, and continuous improvement, providing a solid foundation for delivering high-quality projects.

### **O** Preliminary Planning

The Group conducts comprehensive pre-construction planning based on the scale, nature, technical characteristics, design documents, and site conditions of each project, developing scientifically sound and reasonable construction plans. For every project, we establish clear quality objectives and detailed implementation plans to ensure quality control from the very beginning.

#### • Inspection during Construction Processes

The Group places a high priority on engineering inspection, rigorously adhering to relevant standards and requirements to conduct comprehensive inspections of building materials, semi-finished products, and equipment, ensuring their quality meets established criteria. We pay particular attention to the inspection of installation processes, especially critical procedures that impact building safety, to ensure every step complies with design specifications. Additionally, the Group's shareholder liaison team conducts both surprise and regular inspections of all construction and real estate projects, ensuring that engineering quality remains consistently under control.

## **QUALITY OF CONSTRUCTION MATERIALS**

We recognize that the quality of building materials is the fundamental guarantee of construction project quality. Therefore, the Group rigorously controls the quality management of building materials. To ensure that material quality and environmental performance meet high standards, we have established a Special Inspection Team for Quality, Safety, and Environmental Protection, which is fully responsible for quality supervision and management. At the same time, we actively promote energy-saving and consumption-reduction measures, contributing to sustainable development.



In terms of quality management, the Group adheres to a rigorous quality control philosophy throughout the entire process, from raw material procurement to product evaluation. We have established the *Quality Certification and Inspection Procedures for Building Materials*, which strictly regulate raw materials such as steel bars, sand, cement, gravel, admixtures, and truss steel. Upon arrival, raw materials are documented with ledgers and quality assurance certificates to ensure traceability of their sources and quality. Subsequently, laboratory testing is conducted based on submission

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records and sample retention, with key raw materials undergoing detailed inspection reports to confirm compliance with standards. If re-inspection is required, additional testing is performed to ensure quality stability. Any quality issues identified during testing are recorded in the embedded parts inspection log, serving as a basis for future improvements. Based on the test results, we design concrete mix ratios to ensure concrete meets project requirements. Finally, products that pass evaluation proceed to the next stage, while non-compliant products are returned and documented with reasons for rejection.

In addition, we have established the *Regulations on Quality and Safety Production Management*, which outline comprehensive management measures covering quality control, safety production, and warehouse and workshop fire safety. Through stringent systems and inspection mechanisms, we ensure the reliability and traceability of product quality, laying a solid foundation for the high-quality delivery of projects. Moving forward, we will continue to advance quality management with high standards and rigorous requirements, contributing to the creation of more exemplary projects.

### () Case Study: Conducting Spot Checks on Engineering Quality and Safety

On June 7, 2024, Baoye Group carried out spot checks on engineering quality and safety in Shaoxing. Senior executives led the Quality and Safety Control Team, the Office of Building Industrialization Management, the Shareholders' Liaison Team, and relevant experts in conducting thorough and detailed inspections of projects such as the China Building Energy Efficiency Technology Research Center, the Baseball Future Community Plot C, the Keqiao District Affordable Housing Project, the Hangzhou Bay Science and Innovation Center, the Kegiao District Talent Apartments, and the Kegiao District Future Medical Center. Following the inspections, the Group held a summary meeting to comprehensively review the issues identified and propose improvement measures, ensuring continuous enhancement of engineering quality and safety management. This spot-checks initiative not only strengthened standardized management at project sites but also provided critical insights for optimizing the Group's overall engineering quality.







Inspecting the Baseball Future Community Project





# **CRAFTING HOMES WITH EXCELLENCE**

The Group has always adhered to the craftsmanship philosophy of "Good House, Made by Baoye", striving to deliver technologically advanced residences that combine comfort, energy efficiency, and environmental sustainability while ensuring superior construction quality. As one of the Group's core businesses, the real estate development sector consistently focuses on high-quality standards and innovative design. By integrating green building technologies with modern living needs, we provide customers with high-performance, eco-friendly housing solutions, driving the construction industry toward sustainable development.

### 💮 Case Study: Baoye Green Life

Baoye Group, guided by the principles of sustainable development, actively supports the national "Dual Carbon" strategic goals. In the Banhu Lake area of Keqiao, we officially launched the "Baoye Green Life" project. Rooted in the excellence of the "One-Hundred-Year Housing" concept, this project meticulously crafts a low-carbon residential model spanning approximately 36,000 square meters, characterized by "high comfort, low energy consumption, and a return to nature." This initiative injects new momentum into urban organic renewal and sustainable building development, contributing to the vision of harmonious coexistence between humans and nature.



### 🔿 Case Study: Baoye Qinyuan

On December 24, 2024, at the "2024 China Real Estate Honors Awards" ceremony, Baoye Qinyuan was honored with the title of "2024 China's Most Livable and Happy Community" for its outstanding comprehensive strength and innovative practices. The project deeply integrates the quality-driven craftsmanship of Zhejiang-style real estate with Yichang's "Park City" development strategy. Spanning approximately 73,405 square meters, the project features a villa-level low-density plot ratio of just 2.0, with maximum north-south and east-west building spacings of approximately 60 meters and 150 meters, respectively. This design establishes a low-density, comfortable, and spacious community layout, redefining high-quality living experiences. In terms of planning and design, Baoye Qinyuan adopts a public-building-inspired façade aesthetic, blending modernity and artistry, while also offering a 1-kilometer luxury garden and fully elevated-level social spaces, further enhancing the community's spatial value and quality of life. Additionally, the project focuses on top-tier unit designs and exceptional property services, delivering multiple core product strengths to provide residents with a comprehensive, high-quality living environment.



### () Case Study: Ruiyuan of Baoye Four Seasons Garden

The "Ruiyuan of Baoye Four Seasons Garden" project, as a 3.0 product of One-Hundred-Year Housing, has been awarded the AAA-level Green, Low-Carbon, and Livable Residential Certification this year, marking a significant upgrade in the innovative achievements of Baoye's Century Homes 3.0. Covering an area of approximately 21,469 square meters, the project deeply integrates international green and sustainable development concepts, building on the Century Homes standards to achieve a series of innovative results in construction industrialization, building longevity, quality excellence, and green low-carbon practices. The project employs standardized and modular designs, integrating facilities such as complete kitchens and bathrooms, along with prefabricated components. By combining precast concrete (PC) systems and light steel structure technologies, it significantly enhances the flexibility and durability of the buildings, fully meeting the performance requirements and lifecycle needs of Century Homes, setting a benchmark for green, low-carbon living. Additionally, the project strictly adheres to the principle of

"protecting the ecological environment" in its development. It harmonizes with the natural landscape, incorporates cultural elements, organizes water systems, and thoughtfully places buildings, aiming to create a high-end residential area with rich cultural heritage and pure natural ecological landscapes using the most advanced energy-saving, eco-friendly, and intelligent technologies and products.



# HIGH-EFFICIENCY INDUSTRIALIZED CONSTRUCTION

The Group has consistently been committed to the research and application of advanced construction technologies, transforming cutting-edge innovations into practical outcomes to continuously enhance engineering quality and efficiency. During the Reporting Period, the Baoye Daban Green Garden project was awarded the "2024 China Civil Engineering Zhan Tianyou Award for Outstanding Residential District Gold Award" by the Residential Engineering Guidance Committee of the China Civil Engineering Society, along with the 11th "Guangsha Award." The project also received three individual awards: "Excellence in Engineering Quality," "Excellence in Industrialized Technology Application," and "Excellence in Public Amenities and Property Services." Additionally, the Furong Medical Center and Supporting Facilities project, undertaken by Anhui Baoye Construction Group under Baoye Group Anhui Co., Ltd., and the Mengcheng County Power Company Power Dispatch and Emergency Command Center project, undertaken by Mengcheng Baocheng Construction, both received the "Huangshan Cup," the highest honor for construction engineering quality in Anhui Province.



The Group has consistently prioritized technological innovation and the development of standardized systems as core drivers, continuously advancing the progress and evolution of the construction industry. We have successfully developed a double-sided composite structural system, achieving efficient integration of various components, and have further deepened the standardized research and development of ultra-low energy consumption product systems. Among these efforts, the development and application of low-thermal-conductivity aerogel insulated decorative composite wall panels have significantly enhanced energy-saving and carbon-reduction outcomes. This innovation has been successfully implemented in the China Building Energy Efficiency Technology Research Center project, establishing it as a benchmark for green building technologies.

Continuous exploration and innovation have laid a solid foundation for us to deliver exceptional products and services. We firmly believe that breakthroughs in cutting-edge technology and the refinement of standardized systems are crucial pillars for driving high-quality development in the construction industry. Moving forward, we will continue to lead with innovation, supported by robust standards, to create more high-quality and sustainable building solutions for society.

### 🗇 Case Study: Kegiao Hangzhou Bay Science and Innovation Center

Keqiao Hangzhou Bay Science and Innovation Center is a key technological innovation complex project undertaken by Baoye, developed in two phases. Phase I of the project covers an area of approximately 109,281 square meters and includes industrial facilities, R&D centers, office buildings, and talent apartments. It aims to create a modern industrial park that integrates high-end talent attraction, technology incubation, and industrial acceleration. The project features an open-loop layout, incorporating the riverside green space to the north, forming a green and eco-friendly new-style park. It is expected to accommodate no fewer than 100 "accelerator-type" talent-driven tech enterprises, attract over 100 high-level talents at the municipal level or above, and provide employment opportunities for more than 5,000 university graduates. Additionally, the project significantly enhances the durability, adaptability, and environmental performance of the buildings through the application of the SI (Skeleton Infill System) design, prefabricated construction technology, and green, low-carbon principles. It has earned numerous industry certifications and accolades. In the future, the Keqiao Hangzhou Bay Science and Innovation Center will collaborate with surrounding innovation platforms to comprehensively enhance regional technological innovation capabilities, injecting new momentum into the high-quality development of Shaoxing City.



# Looking ahead,

the Group will continue to increase investment in Prefabricated Construction production bases, further boost R&D funding, and actively recruit top talent. These efforts aim to comprehensively enhance our research capabilities and technological innovation in the field of prefabricated construction, driving the industry's transformation and upgrade toward greener and smarter practices.



Through years of dedicated efforts and practical experience in the construction industrialization supply chain, we have established a comprehensive upstream and downstream industrial system centered on prefabricated construction. By transforming our independent technological innovations into practical applications, we have achieved significant socio-economic benefits. On December 28, 2024, at the first member meeting (council) and technical exchange conference of the Anhui Prefabricated Construction Industry Association, the Anhui Baoye Construction Engineering Group was honored with the title of "2024 Innovative Unit in Prefabricated and Intelligent Construction Technology" for its outstanding contributions to the field of prefabricated construction. Additionally, the first phase of the Lakeside New Town Reconstruction Project, undertaken by the Company, was recognized as the "2024 Influential Prefabricated Construction Project."





### Case Study: Zhejiang Baoye "Xinqiao Fengqing" One-Hundred-Year Housing

Located in Shaoxing City, the Zhejiang Baoye "Xinqiao Fengqing" One-Hundred-Year Housing project spans a total construction area of 135,000 square meters, comprising 10 high-rise residential buildings and 4 prefabricated demonstration buildings. Based on the Century Homes technical system, the project integrates Baoye's Concrete Prefabricated Construction (PC) technology and industrialized prefabricated interior finishing techniques. Utilizing the SI (Skeleton Infill System) design, along with double-sided composite shear wall and monolithic prefabricated shear wall structural systems, the project significantly enhances the seismic resistance and durability of the residences, achieving a design lifespan of over 100 years.

The project also employs prefabricated interior finishing, separated piping systems, and dry construction methods, integrating components such as modular bathrooms, modular kitchens, and systematic storage solutions. This approach ensures long-term usability and aligns with green, low-carbon objectives. The project has earned certifications such as China Century Homes Demonstration and Three-Star Green Building and has achieved an outstanding record of "zero complaints in five years of occupancy."





Case Study: Anhui Baoye's Independently Developed and Manufactured Prefabricated Construction (PC) Production Line



In advancing our strategic practice of intelligent construction, the Group consistently focused on three key pillars: industry, enterprises, and projects, building a comprehensive development framework. We anchor our efforts in the industry, driving collaborative development across the entire supply chain. We are committed to establishing a full lifecycle chain for intelligent construction, encompassing design, production, construction, and operation and maintenance. By integrating the construction sector with information technology and advanced manufacturing, we aim to create a cross-industry innovation ecosystem, enabling efficient resource allocation and industrial upgrading. We prioritize enterprises as the foundation, fostering innovation vitality and competitiveness. We strengthen enterprise-led platforms for industry-academia-research-application collaboration, build intelligent construction industrial bases, and focus on cultivating internationally competitive benchmark companies in construction technology. Simultaneously, we support the growth of specialized, refined, and innovative SMEs, forming a diverse and collaborative innovation matrix. We leverage projects as the driving force, build high-quality benchmark projects, focus on pilot and demonstration projects of intelligent construction, and enhance project quality and customer experience by integrating digital, industrial, and green technologies. Our goal is to deliver safe, reliable, smart, and convenient premium projects, boosting customer satisfaction and value perception.

To achieve the goals, the Group has positioned technological innovation as the core driving force, focusing on advancing three strategic initiatives. We are strengthening technology leadership, accelerating the promotion of practical technologies that benefit people's livelihoods, and building a smart construction standard system that covers the entire process from design, production, construction, to operation and maintenance. We are deepening talent support by establishing a project-based talent development mechanism, creating a high-skilled talent echelon that meets the demands of smart construction. We are innovating management models, developing a quality and safety supervision system aligned with smart construction, and achieving full-process dynamic monitoring and risk early warning through digital tools. Through systematic planning and precise implementation, we are committed to driving the construction industry toward intelligent, green, and sustainable transformation, creating higher-value building products and services for society.



### **CONSTRUCTION INDUSTRIALIZATION**

Since 1994, Baoye Group has actively engaged in the field of industrialized building component manufacturing. Through nearly three decades of dedicated efforts and practical experience, the Group has achieved remarkable success in energy-efficient and environmentally friendly construction industrialization. Today, the Group has established a comprehensive industrialized building system that spans the entire process, including R&D and design, production and manufacturing, procurement and construction, and operation and management. This fully demonstrates its strong capabilities in the Engineering, Procurement, and Construction (EPC) contracting sectors. Additionally, the Group has showcased exceptional expertise in the design, layout, and manufacturing of Industry 4.0 smart factories, achieving a series of innovative breakthroughs. These accomplishments have set a benchmark for the intelligent and green transformation of the construction industry.

### Established a national-level institute of construction industrialization

In 2006, Baoye Group invested in and established a National Research Institute for Construction Industrialization in Shaoxing City. This institute is the only research facility in China capable of simulating various climate conditions across the nation's 9.6 million square kilometers. The institute features nine core functions, including wind and rain resistance, structural testing, seismic performance, fire resistance, sound insulation, durability testing, energy consumption analysis, indoor environmental testing, and curtain wall and window performance evaluation.

#### Edited and participated in many national and local standards

Baoye Group has secured over 110 patents in the field of construction industrialization, including two international patents. Additionally, the Group has led the development of local standards for Zhejiang Province, Shanghai Municipality, Anhui Province, and Hubei Province.

### Operated and prepared a number of intelligent manufacturing bases

In the operation and construction of smart manufacturing bases, the Group has successfully established and is developing multiple industrialized construction smart manufacturing bases in Shanghai, Zhejiang Province, Anhui Province, Hubei Province, Jiangxi Province, and Jiangsu Province. This has created a strategic industrial layout covering the Yangtze River Delta and central regions, providing robust support for regional construction industrialization development.

At the same time, the Group has established comprehensive economic and technical collaborations with global Fortune 500 companies, including Daiwa House of Japan and the Sievert Group of Germany. Together, they have successfully developed industrialized construction products tailored to China's national conditions, such as light steel prefabricated structures for low-rise buildings, composite slab shear wall structures for high-rise buildings, and sleeve-connected shear wall structures (over 100 meters). These innovations provide diverse solutions for industry, driving the advancement and application of construction industrialization technologies.

### Completed more than 50 million square meters of construction projects

In the construction project sector, Baoye Group has successfully completed over 50 million square meters of industrialized building projects, widely applied in public infrastructure, underground utility tunnels, real estate development, new rural construction, and affordable housing. Leveraging its exceptional products and technologies, the Group has expanded its operations to overseas markets, including Djibouti, Botswana, India, and Australia, contributing Chinese expertise and strength to the global advancement of construction industrialization.



Main Building of the China Building Energy Efficiency Technology Research Center

On November 29, 2024, the main building of the "China Building Energy Efficiency Technology Research Center" was successfully topped out, marking a significant breakthrough for Baoye Group in the field of building energy efficiency and carbon reduction. The center will bring together 80,000 component suppliers from across the industrialized construction supply chain, showcasing Baoye's innovative achievements in building energy efficiency and carbon reduction technologies—from experimentation to practical application. It successfully bridges the "Darwinian Sea" in the transformation of scientific and technological achievements, enabling a full-chain transition from science to technology, from technology to products, and from products to the market. The project actively supports the national goal of reducing energy consumption per unit of GDP by 30% by 2030 compared to 2020, fully demonstrating Baoye's commitment to advancing technological, structural, and managerial energy efficiency. Looking ahead, Baoye will align with the development requirements of new quality productivity, continuing to pursue technological innovation in traditional industries. The Group will maintain its leading position domestically and strive for international recognition in the fields of a "technological craftsman and industry leader," Baoye is committed to advancing as a key pillar in achieving the nation's energy strategy and dual-carbon goals.

### During the Reporting Period

The Group conducted research initiatives across various levels. To date, the Group has been awarded 43 Luban Awards, 55 National Excellence Awards, 7 Zhan Tianyou Awards, over 1,000 provincial and ministerial awards, the National May 1st Labor Certificate, and has been ranked among China's Top 50 Competitive Private Enterprises. These achievements highlight the Group's significant accomplishments in construction technology, research and development.



# **ENHANCING INTERACTIVE COLLABORATION**

The Group values and is eager to listen to customer feedback, using customer satisfaction as a key metric for measuring service quality. To this end, we have established convenient and efficient two-way communication channels to ensure that customers receive accurate and reliable information during the marketing phase, thereby enhancing their trust. Additionally, we rigorously maintain and track customer information, implementing comprehensive privacy protection measures to ensure the security of customer data.

### **CUSTOMER COMMUNICATION**

The Group consistently upholds a "customer-centric" service philosophy, committed to building and maintaining longterm, stable strategic partnerships. By establishing diverse communication channels, we actively listen to customer voices, deeply understand their needs and feedback, and ensure the continuous optimization and enhancement of customer experience.



The Group consistently regards customer satisfaction as the core metric for measuring service quality. Through a systematic Customer Satisfaction Survey Control Process, we comprehensively collect customer feedback. We utilize multiple channels to distribute surveys, ensuring convenient customer participation, and analyze the results to identify areas for improvement across various dimensions, including product design, service quality, and delivery speed. For identified improvement areas, we develop specific measures and assign them to relevant departments and teams to ensure efficient resolution. Additionally, we meticulously document survey results and compile analytical reports, summarizing customer feedback and improvement actions. This provides a scientific basis for internal management and lays a solid foundation for continuous future optimization.



In our marketing activities, the Group consistently adheres to the principles of honest transactions, ensuring that the information provided to customers and potential customers is truthful and accurate. We firmly reject any form of fraudulent sales practices. We always prioritize customer rights, striving to maintain market fairness and transparency, and creating a safe and reliable trading environment for our customers. In advertising, we clearly label the service content, format, and promises of our products, fully safeguarding consumers' right to know. Data, statistics, survey results, excerpts, and quotations used in advertisements are ensured to be accurate and properly sourced. For products or methods involving patents, we strictly indicate the patent number and type, eliminating any false claims. Additionally, we ensure that advertisements are clearly identifiable and avoid disparaging competitors' products, upholding a fair competitive market environment and effectively protecting the legal rights of consumers.

### **INFORMATION MANAGEMENT**

The Group consistently prioritizes information security and customer privacy protection as critical components of its development. We strictly adhere to national laws, regulations, and guidelines, establishing a comprehensive information security and confidentiality management system along with operational procedures. We implement a rigorous information security accountability system, following the principle of "whoever is in charge is responsible," clearly defining roles and responsibilities. We refine work measures and processes to ensure systematic and effective management of information security.

In the *Human Resources Management System*, we place special emphasis on employees' confidentiality obligations, explicitly prohibiting the disclosure of customer information. Specific measures include ensuring that no personally identifiable customer data is disclosed without customer authorization, unless required by law or legal proceedings. We commit to safeguarding user information from loss during the term of agreements signed with users. Additionally, we strictly adhere to user account registration and operational permission management systems, ensuring that user information is managed and kept confidential by designated personnel, and never disclosed to unauthorized parties.

## WARRANTY RECTIFICATION

In the inspection and handling of engineering issues, the Group consistently adheres to rigorous and efficient principles, ensuring timely and thorough resolution of problems. The leadership responsible for engineering complaint management initiates a specialized issue resolution process, convenes dedicated meetings, and organizes relevant departments and personnel to conduct on-site investigations, thoroughly analyzing the root causes of issues. Based on this, we clearly define repair plans and completion timelines, ensuring the effective implementation of corrective measures through continuous oversight and guidance. Additionally, we establish tracking mechanisms to verify and evaluate the results of corrective actions, ensuring that issues are fundamentally resolved and providing customers with high-quality service assurance.



### **CUSTOMER RETENTION**





The Group places a high priority on intellectual property (IP) protection and has established a comprehensive IP protection system to safeguard its innovative achievements and legal rights through systematic planning. In terms of management mechanisms, we have dedicated IP management roles and developed an IP data management platform to monitor industry trends and IP-related information in real time. This proactive approach effectively mitigates infringement risks while ensuring the protection of the Group's legal rights through appropriate legal measures.

To address the unique characteristics of various types of intellectual property (IP), we implement tailored protection strategies. For critical IP assets such as trademarks, patents, copyrights, and domain names, we prioritize engaging professional agencies for registration and maintenance to ensure maximum protection of our rights. In industryacademia-research collaborations and business activities, we clearly define IP ownership, usage scope, duration, and mechanisms for the allocation of subsequent R&D outcomes. These terms are formalized through legally binding agreements, solidifying the rights and obligations of all parties involved.

To fortify our information security defenses, we have established a tiered confidentiality mechanism. Internally, all employees are required to sign confidentiality agreements, and standardized processes are in place for managing technical documents and core data. Externally, we enter specific confidentiality clauses with partners, strictly defining the duration of confidentiality obligations. In the event of a breach, we immediately activate our emergency response protocol. This includes notarizing evidence, gathering relevant materials, and collaborating with our legal team to develop targeted solutions, thereby minimizing potential losses to the enterprise.



During the Reporting Period, Baoye Group achieved significant milestones in the field of intellectual property (IP), laying a solid foundation for comprehensive IP protection and management. Within this period, the Group was granted 14 invention patents and filed applications for an additional 10 invention patents. Furthermore, Baoye Group secured authorization for 28 utility model patents. As of December 31, 2024, the Group holds a total of 1,029 patents, including 978 authorized patents, 676 valid patents, and 49 computer software copyrights.



# **CREATING SUSTAINABLE SUPPLY**

The Group firmly believes that the stable development of the enterprise relies on reliable and high-performing suppliers and contractors. As such, we are committed to establishing a sustainable supply chain system. To achieve this, we have implemented a series of internal management systems, including the *Project General (Sub)Contract Bidding Management System*, the *Project Materials (Equipment) Procurement Management System*, the *Fragmentary Materials (Equipment) Procurement System*, and the *Guiding Opinions on the Establishment of Baoye's Internal Credit Investigation System*. These systems are designed to standardize the bidding and procurement processes for suppliers, clarify the responsibilities of subsidiaries and departments in supplier management, and ensure transparency and compliance across our supply chain operations.

To further elevate project management standards, the Group issued the *Notice on Regulations Regarding Direct Operation of Construction Projects, Material Procurement, and Labor Subcontracting*. The notice mandates that material procurement, equipment leasing, and labor subcontracting for directly operated projects must be conducted through a competitive bidding process to select the most qualified partners. Detailed records of the bid evaluation and inquiry processes must be maintained and uploaded to the direct operation project network platform. Each subsidiary is required to establish a management system for directly operated projects to ensure transparency and ethical operations. Execution teams must sign management responsibility agreements during the pre-construction phase, clearly defining responsibilities, rights, and benefits to align profit incentives with shared risk. Construction projects undertaken by employees are classified as directly operated projects, allowing them to join the execution team and participate in profit-sharing incentives. Any instances of non-compliance with bidding procedures or fraudulent practices during bidding will be met with strict penalties, while whistleblowers will be significantly rewarded.

In supplier management, our procurement department has established a comprehensive supplier background database, ensuring a minimum of three qualified suppliers are available for selection. A dedicated bidding leadership team conducts credit evaluations to identify and recognize annual outstanding suppliers. When selecting suppliers, we prioritize those listed in the *List of Qualified Suppliers* and focus on key criteria during the evaluation process, including supplier qualifications, supply capacity, pricing, safety standards, environmental practices, corporate reputation, and quality performance. This approach helps us identify and mitigate environmental and social risks within the supply chain. Through these systematic management measures, we are committed to building an efficient and sustainable supply chain system, laying a solid foundation for the long-term development of the enterprise.

In addition, the Group has formulated the *Guidelines on Green Procurement* to actively guide and establish a green supply chain, comprehensively promoting green procurement practices. Throughout the green procurement process, we consistently adhere to the following principles:

### **Q** Balance Economic & Environmental Benefits

In procurement activities, units must fully consider environmental benefits, prioritizing the purchase of environmentally friendly, energy-efficient, and resource-efficient raw materials, products, and services. This ensures a balance between economic and environmental advantages.

### **Create a Green Supply Chain**

Units should continuously refine procurement standards and systems, considering energy-saving and environmental factors across multiple stages, including product design, procurement, production, packaging, logistics, sales, services, recycling, and reuse. By collaborating with upstream and downstream partners, we collectively fulfill social responsibilities such as environmental protection and energy conservation, fostering the development of a green supply chain.

### **b** Combine the Group lead & Government Guidance

We adhere to market-oriented operations, with organizations taking the lead and playing a dominant role. Governments support green procurement through institutional reforms, policy guidance, information disclosure, and the promotion of industry standards. Industry associations serve as vital bridges, strengthening self-regulation within the sector.

The Group consistently regards the management of suppliers and subcontractors as a critical component of sustainable supply chain development. Through systematic evaluation and monitoring mechanisms, we ensure that our partners meet high standards in quality, safety, environmental practices, and social responsibility. To comprehensively assess supplier performance in products, services, and collaboration, we have developed the *Supplier Satisfaction Evaluation Form*. This evaluation tool covers multiple dimensions, including supplier background information, product quality, installation quality control, personnel organization, on-site safety and civilized management, and maintenance services. By ensuring an objective and fair assessment of supplier performance, we drive the sustainable development of our supply chain.

For subcontractors, we place particular emphasis on their project quality management capabilities. They are required not only to possess the necessary corporate qualifications but also to comply with the Code for Quality Management of Engineering Construction Enterprises, ensuring they maintain a robust quality management system. Additionally, we mandate that subcontractors provide technical training and assessments for their construction personnel, guaranteeing both construction quality and safety management. Through these measures, we are committed to building an efficient and sustainable supply chain system, laying a solid foundation for the long-term development of the enterprise.

# **REQUIREMENTS FOR QUALIFIED SUBCONTRACTOR**

The Group's bidding and evaluation leadership team regularly organizes relevant departments to review the qualifications of approved contractors. The review criteria include contract performance, collaboration history, technical capabilities, and changes in financial capacity. Contractors that fail to meet the established standards are promptly removed from the *List of Qualified Suppliers*, ensuring the quality and compliance of our partners.

As at the end of the Reporting Period, the Group had a total of 5,465 suppliers<sup>1</sup> with the number of suppliers subject to relevant practices executed by all suppliers divided by region as follows:

9	Compliance and Standardized Management	Zhejiang	Shanghai	Hubei
0	Technical Expertise and Financial Strength	1,019	631	2,873
0	Respect the contract, keep promises, good reputation			,
0	No major quality and safety incidents in the past three years	Anhui	Other Regions in China	Other Regions
6	No illegal acts such as lawsuit, fraud, bribery, and collusion within three years	452	487	3

<sup>1</sup> The types of suppliers include subcontractors, production suppliers, raw material suppliers, equipment suppliers, supporting suppliers, and service suppliers.
# **INTEGRITY DRIVES SUSTAINABLE GROWTH**

The Group consistently upholds the principles of integrity, fairness, equity, and transparency in corporate governance. We strictly adhere to relevant laws and regulations, taking a firm stance against corrupt practices, including bribery, extortion, fraud, and money laundering. To reinforce this commitment, we have established the Human Resources Management System, which clearly outlines employee conduct standards. Additionally, we implement a whistleblower protection policy to ensure that, within the bonds of the law, all reported information is kept strictly confidential. This safeguards employees from retaliation or discrimination for reporting misconduct or participating in investigations.

The Audit Committee of Baoye Group has established a comprehensive whistleblower policy to encourage employees to report accounting issues, internal control deficiencies, audit concerns, or other fraudulent activities. Employees may submit reports anonymously or by name via mail or email, and the Company guarantees strict confidentiality and thorough investigation of all reported matters. We explicitly prohibit any form of retaliation or discrimination against employees who make good-faith reports. At the same time, severe measures will be taken against those who maliciously provide false information, ensuring the fairness and effectiveness of the whistleblowing mechanism.

To continuously monitor the compliance of our operations, the Group conducts regular and ad hoc audits, focusing on key areas such as the appointment and performance evaluation of senior management, the management of supplier and partner relationships, and the bidding processes and contract fulfillment. These measures are designed to effectively prevent corrupt practices. We have established dedicated whistleblower hotlines and mailboxes, overseen by the Shareholders' Liaison Team and the Audit Department, to follow up on reported issues and impose appropriate penalties based on the severity of the cases. If illegal activities are involved, the matters are referred to judicial authorities to ensure full legal accountability. Additionally, directors and regional leaders regularly participate in anti-corruption training during annual business meetings, engaging in in-depth discussions on related topics to further enhance the entire organization's awareness and sense of responsibility in combating corruption.

To further enhance oversight, the Group has established the Baoye Group Shareholders' Liaison Team, which serves as a bridge for communication with material suppliers, subcontractors, and employees in key management positions. This initiative aims to reduce unexpected losses caused by misconduct, regulatory violations, and quality or safety issues. The Shareholders' Liaison Team also implements strict privacy protection measures for individuals reporting concerns, ensuring the legal rights of whistleblowers are fully safeguarded. During the Reporting Period, the Group did not receive any concluded corruption-related lawsuits against the Company or its employees.

BAOYE GROUP COMPANY LIMITED

# **CRAFTING CENTURY RESIDENCES**

As a pioneer in the field of construction industrialization, Baoye Group actively supports the national "Dual Carbon" strategy, consistently placing sustainable development at the core of our operations. We continuously explore and apply green building technologies, driving the construction industry toward a green and low-carbon future and contributing to the achievement of carbon neutrality.

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- Shared Responsibility for Ecological Stewardship
- Building a Sustainable
   Future with Green
   Innovation
- Climate Change Management



# SHARED RESPONSIBILITY FOR ECOLOGICAL STEWARDSHIP

# **□** GREEN CONSTRUCTION

As a vital component of the Group's core business, construction plays a pivotal role throughout the entire building lifecycle. The Group strictly adheres to national construction management regulations and has established a series of systematic management systems, including the Civilized Construction and Environmental Protection Management System, Green Construction Management System for Project Engineering, Noise Pollution Management System, Construction of Environmental Protection Management System for Ready-mixed Concrete Enterprises. These systems are designed to maximize resource efficiency and minimize the environmental impact of construction activities. Additionally, we prepare environmental impact assessment reports for construction projects and submit them to local governments for review, ensuring compliance with environmental requirements at every stageplanning, construction, and operation.

# ✤ ENERGY CONSERVATION

To achieve our goals of enhancing energy efficiency and reducing electricity consumption, the Group has established the *Energy Conservation and Energy Use Management System*. This system provides systematic guidance for energy management in daily operations, covering equipment selection and usage, construction organization, and on-site energy management. At construction sites, we set power usage control targets and conduct regular reviews and analyses to promptly identify and address any irregularities, ensuring the successful attainment of our energysaving objectives.

In addition, we have developed the Office Energy Conservation Guidelines to systematically advance green office initiatives. By maximizing the use of natural light, optimizing energy-saving settings for equipment, implementing intelligent power management systems, and ensuring all electrical devices are turned off after work hours, we have significantly reduced electricity consumption.

# A PROTECTING THE LAND AND NATURAL ENVIRONMENT

The Group is deeply aware of the potential adverse impacts that construction activities can have on land and natural environments, such as the destruction of green spaces and soil erosion. To address these challenges, we have established the *Land Conservation and Construction Land Protection System* and the *Soil Conservation Management System*, actively implementing a series of protective measures. We prioritize the preservation of existing vegetation within construction areas and optimize foundational engineering plans to minimize the need for soil excavation.

In addition, we develop targeted ecological protection systems tailored to the unique characteristics of each construction project. For example, for the construction project of Caijiawan Limestone for Construction Stone of Yichang Baoye Mining Co., Ltd., we prepared the *Soil and Water Conservation Plan Report* in accordance with the *Mineral Resource Development and Ecological Restoration Plan* issued by the local natural resources and planning authorities. This report was submitted to and approved by the relevant local departments.

# REDUCING AIR POLLUTANT EMISSIONS & STRENGTHENING DUST MANAGEMENT

During construction, the primary source of air pollutant emissions stems from fuel combustion in vehicles and machinery. To address this, the Group strictly adheres to national and local emission standards, mandating that all emissions comply with relevant regulations. We have implemented a series of measures to effectively reduce pollutant emissions, including enhanced dust control. For instance, vehicle cleaning facilities are installed at construction site entrances, and mechanical excavation areas are covered and sprayed with water to minimize dust dispersion. Additionally, we ensure that welding fumes and emissions from production processes strictly comply with regulatory requirements such as the *Integrated Emission Standard of Air Pollutants* and the *Emission Standard for Air Pollutants for the Cement Industry*.

To effectively mitigate dust pollution, the Group has adopted a series of environmentally friendly measures. We ensure an adequate supply of water sprinkling facilities to minimize dust on construction roads; regularly clean temporary construction pathways to reduce dust accumulation; and frequently sprinkle water on dust-prone construction areas. Employees are provided with specialized protective equipment, and fine materials that may generate dust are covered or appropriately watered. Additionally, vehicles entering the construction site are required to reduce speed to prevent dust dispersion.

# **GREEN OPERATION**

The Group consistently prioritizes green operations as a core component of its sustainable development strategy. Through systematic institutional frameworks and innovative practices, we strive to achieve efficient resource utilization and environmental protection goals. We have established policies such as the Management System for Wastewater, Air Emission, and Wastes, the Energy Saving and Consumption Reduction Management System, and Office Energy Conservation Guidelines. These policies cover waste management, energy efficiency improvement, and green office practices, collectively building a comprehensive low-carbon operational model.

In office operations, we focus on minimizing and recycling wastepaper and ink cartridges. During the Reporting Period, initiatives such as promoting doublesided printing and electronic document sharing helped reduce paper consumption and recycle 5.81 tons of wastepaper. Used ink cartridges are recycled through a closed-loop supplier system, while other recyclable hazardous waste is handled by certified agencies to ensure that environmental risks are controlled. The primary waste generated at our building materials factories includes iron, other metals, and concrete. By establishing a "sorting and recycling-regeneration processing-resource reusing" circular chain, we promote the transformation of construction waste into reusable materials. During the Reporting Period, through partnerships with professional recyclers and in-house recycling efforts, the Group recycled 0.53 tons of plastic, 447.17 tons of iron, and 14.58 tons of other scrap metals.

The Group implements multi-dimensional measures for lowering office energy consumption. We optimize lighting strategies to reduce unnecessary illumination, adjust electronic device screen brightness to appropriate levels to extend equipment lifespan, and strictly regulate air conditioning temperatures to prevent energy waste. Additionally, we promote virtual meetings, simplify the size and number of meetings, and reduce travel-related carbon emission. In water conservation, we reduce water usage by lowering toilet tank water levels and posting water-saving reminders. Furthermore, we prioritize purchasing certified energy-efficient equipment, gradually phasing out high-energy-consuming facilities, and exploring the application of renewable energy sources such as solar power.

# REDUCING RAW MATERIAL CONSUMPTION

In our engineering design and construction processes, the Group actively adopts Building Information Modeling (BIM) technology. By leveraging digital tools, we reduce construction errors, minimize material waste and rework costs, and optimize resource utilization efficiency. This approach helps avoid unnecessary consumption of raw materials, enabling us to achieve project goals more efficiently while promoting green construction practices and sustainable development.

# 前 STRENGTHENING WASTE MANAGEMENT

The Group regards waste management as a critical aspect of fulfilling our ecological responsibilities. We have developed and implemented the *Construction Waste Management Plan* to effectively control the generation and disposal of waste. At construction sites, designated areas and sorting facilities are established for storing construction waste. Recyclable concrete residues are processed into reusable materials, while non-recyclable waste is regularly handled by professional waste disposal companies. This ensures the maximization of resource utilization and the effective protection of the environment.

To standardize the handling of hazardous waste, we have entered into *Technical Consulting Service* Agreements for Hazardous Waste Disposal and Hazardous Waste Entrusted Disposal Contracts with third-party agencies. These agreements ensure the safe disposal of hazardous materials such as waste lubricants and wastewater-reducing agent barrels. Additionally, the Group strictly adheres to the Regulations for the Storage of Flammable, Explosive, Toxic, and Hazardous Materials, rigorously managing the storage of chemicals and oils. We maintain detailed hazardous waste management records to minimize the risk of leaks. During the Reporting Period, no hazardous material leakage incidents occurred, and all construction waste was properly processed and used for roadbed backfilling. The disposal of waste is fully complied with national environmental policies, causing no harm to the environment.

# WATER CONSUMPTION & DRAINAGE MANAGEMENT

The Group consistently prioritizes water resource management as a critical component of sustainable development, implementing various measures to enhance water efficiency and reduce overall consumption. In production facilities, we have introduced a rainwater diversion and drainage system, directing rainwater from building roofs and ground slopes to drainage channels. which ultimately connect to municipal drainage systems, effectively minimizing rainwater waste. Regarding equipment cleaning and drainage for vehicle washing, we employ a "sand separation and recycling system + sedimentation tank" to treat the wastewater, ensuring it is fully reused for dust suppression within the facility, achieving zero discharge. After sedimentation treatment. the water is pumped into storage tanks or discharged into municipal pipelines, further optimizing water resource utilization.

At construction sites, we have installed sedimentation tanks and established clear regulations requiring all construction wastewater and rainwater to undergo sedimentation treatment before being discharged into municipal drainage systems. This ensures that water resource management during construction aligns with environmental protection standards. During the Reporting Period, the Group's construction water usage remained within normal parameters, with no irregularities reported.

# **BUILDING A SUSTAINABLE FUTURE WITH GREEN INNOVATION**

While committed to reducing the environmental impact of our operations, the Group actively participates in the research and development of green building and construction technologies, contributing to the green transformation of the construction industry. By implementing effective pollution control measures, we continuously minimize the environmental footprint of our operations. At the same time, we are increasing investments in the R&D of green building technologies to advance sustainable development across the industry.

# **GREEN ENGINEERING**

The Group consistently regards technological innovation as the core driver for advancing the green transformation of the construction industry. We focus on developing modern construction technologies such as precast concrete (PC) structure and light steel structure building. Compared to traditional construction methods, these modern technologies significantly enhance resource efficiency, substantially reduce carbon emissions, and minimize the environmental impact of construction projects. Through continuous technological innovation and practical application, we are committed to promoting the transformation, upgrading, and high-quality development of the construction industry, contributing to the achievement of green and low-carbon goals.

Currently, our precast concrete (PC) structure system achieves an assembly rate of over 90% and is widely used in projects such as shopping malls, hotels, office buildings, affordable housing, and building basements. The light steel prefabricated structure system, including closely spaced steel frame structures (for low-rise buildings) and steel frame structures (for multi-story buildings), is commonly applied to high-end low- and mid-rise buildings, shopping malls, hotels, office buildings, and power engineering projects.



### **GREEN BUILDING**

The Group is dedicated to the practice and innovation of green building technologies, fully integrating sustainable development principles throughout the entire lifecycle of projects—from design and construction to operation.

Precast Concrete Construction	Light Steel Structure Building
Reduce over 36% of construction water consumption	20% Materials saving
Reduce wood use by nearly 70%	60% Water saving
Reduce waste of materials by more than 20%	63% Energy saving
Reduce construction waste generation by approximately 71%	Reduce carbon emissions by more than 70%
Reduce the overall energy consumption of construction by more than 70%	Reuse 60% of the core building materials

# **GREEN STANDARDS**

The Group is committed to advancing the green transformation of the construction industry. By actively participating in the development and promotion of industry technical standards, we inject innovative momentum into the sector's environmentally friendly development, supporting the achievement of sustainable development goals.

### Precast Concrete Construction





### Light Steel Structure Building





### 🜔 Case Study: Chairman Pang Baogen Awarded the 2024 Energy Conservation & Emission Reduction Scientific Achievement Prize

Through the innovative application of prefabricated building technologies, low-carbon construction methods, and intelligent management systems, the Group has significantly reduced energy consumption and carbon emissions throughout the building lifecycle, setting a benchmark for sustainable development in the industry. In 2024, Mr. Pang Baogen, the Chairman of Baoye Group, was honored with the Energy Conservation and Emission Reduction Scientific Achievement Prize for his outstanding leadership and contributions to green building technology innovation and energy-saving practices. He was one of only six individuals to receive this prestigious award. Moving forward, we will continue to deepen technological innovation, contributing further to the achievement of the "Dual Carbon" goals.



# **CLIMATE CHANGE MANAGEMENT**

# **CLIMATE RISK MANAGEMENT**

In the face of increasing natural disasters driven by climate change, construction-related enterprises are encountering growing challenges. To effectively address climate risks, we systematically conduct risk identification and assessments, covering both physical and transition risks. These risks are integrated into our internal audit processes to ensure that auditing plays a critical role in climate risk management.

The Environment, Social, and Governance (ESG) Committee, under the Board of Directors, along with its ESG Working Team, continuously refines climate-related risk prevention strategies and promptly develops response measures to minimize the impact of climate change on the Company's operations. Through these initiatives, we are committed to building a more resilient operational system and driving sustainable development for the enterprise.

# PHYSICAL RISK MANAGEMENT

To effectively address the impact of extreme weather on office areas and construction sites, the Group has developed a series of systematic response measures based on relevant laws and regulations issued by local authorities, tailored to actual conditions. Through scientific planning and meticulous management, we have comprehensively strengthened our ability to respond to climate risks, ensuring employee safety and the smooth progress of projects. Each project team has prepared emergency response plans and regularly conducts drills for fire safety, flood prevention, and emergency rescue. These exercises allow us to summarize experiences, analyze potential issues, and refine emergency plans, ensuring continuous improvement in employees' emergency response capabilities under adverse weather conditions.

In response to increasingly frequent climate hazards such as winter cold waves, the Group has updated and improved its winter construction standards, with a focus on optimizing critical areas such as mechanical lubrication, cooling, and fuel vaporization. Additionally, we have developed guidelines, including the *Key Analysis of Winter Construction and Maintenance Control Points*, to assist project teams in implementing safety precautions during cold wave conditions. These measures aim to minimize the adverse impacts of climate change on project timelines and quality.

# **TRANSITION RISK MANAGEMENT**

As a pioneer in the field of construction industrialization, Baoye Group consistently prioritizes green transformation as our core strategy, actively responding to and fully supporting the national "Dual Carbon" goals. We have established the only research platform in China, dedicated to studying the environmental and thermal insulation performance (Q-value) of buildings. Through systematic research and technological innovation, we have significantly enhanced energy efficiency and environmental performance of buildings.

Additionally, Baoye has invested in and operated multiple construction industrialization manufacturing bases, comprehensively promoting prefabricated building technologies and low-carbon construction methods. These initiatives have significantly reduced energy consumption and carbon emissions throughout the building lifecycle. These practices not only set a benchmark for the industry but also make a substantial contribution to achieving national energy conservation, emission reduction, and carbon neutrality goals. They demonstrate the Group's leadership and commitment to social responsibility in the field of green building.



### Case Study: Baoye Group's National Building Energy Efficiency Laboratory Completes Experiment on Building Energy Efficiency in Severe Cold Regions

On September 28, 2024, the national "Full-Scale, All-Weather" Building Energy Efficiency Laboratory of Baoye Group Co., Ltd. successfully completed experiments on building energy consumption in severe cold regions (Heilongjiang, Liaoning, Jilin, and Shanxi provinces). The laboratory can simulate various climate conditions across the country, with outdoor temperatures ranging from -46°C to 60°C and indoor temperatures maintained at 18°C to 26°C, even with snow accumulation up to 100 millimeters. The experimental results demonstrated energy savings of over 53.9% compared to traditional buildings, contributing to the establishment of national building energy efficiency standards and reducing energy consumption in building operations.



### Case Study: International High-End Technical Experts Explore Baoye's Building Energy Efficiency Technologies

On the morning of June 24, 2024, over 20 high-end technical experts from countries including the United Kingdom, France, Italy, Brazil, Australia, South Africa, Ukraine, Pakistan, Algeria, and Tunisia visited Baoye Group for a specialized research tour on building energy efficiency technologies. The delegation toured Baoye's national Building Energy Efficiency Laboratory and Green Building Materials Procurement Center, gaining in-depth Baoye's development model surrounding the entire industrial chain of building industrialization. They explored the innovative practices of bringing building energy-saving and carbon reduction technologies from the laboratory to the market."

Through on-site visits, the delegation closely experienced the application outcomes of Baoye's building energy efficiency technologies and the economic and social benefits brought by its construction industrialization development model.



# EXCELLENCE IN TALENT ATTRACTION & DEVELOPMENT

- Driving Shared Success through Talent Excellence
- Fostering Two-Way Communication
- Collaborating for Shared Growth
- Safeguarding Health and Safety
- Caring for Employee Well-Being Sustainable Growth



The Group consistently prioritizes talent management as a cornerstone of corporate development, striving to create a fair, respectful, and people-oriented work environment that inspires creativity and unlocks employees' potential, enabling them to achieve personal growth. At the same time, we place a high value on employees' physical and mental well-being. Through a systematic health and safety management system, we provide a safe and healthy working environment, ensuring the comprehensive protection of employees' welfare.

As of December 31, 2024, the Group employed a total of 6,172 full-time staff. The employee breakdown by category is as follows:

# **EMPLOYEES BY GENDER**



# EMPLOYEES BY GEOGRAPHICAL REGION



BAOYE GROUP COMPANY LIMITED



# EMPLOYEES BY EMPLOYMENT TYPE EMPLOYEES BY AGE GROUP

# **EMPLOYEES BY EDUCATIONAL LEVEL**

# **EMPLOYEES BY EMPLOYEE CATEGORY**



# DRIVING SHARED SUCCESS THROUGH TALENT EXCELLENCE

The Group consistently regards compliance as a core principle of human resource management, strictly adhering to employment-related laws and regulations. We have established comprehensive policies and protective measures in areas such as recruitment and termination, compensation and benefits, working hours and leave arrangements, and the prohibition of child labor and forced labor. To strengthen compliance management, we have developed the *Human Resources Management System*, which underscores the importance of compliance in HR practices and ensures that all operations align with legal requirements and ethical standards.

### **RECRUITMENT AND DISMISSAL**

The Group is committed to building an equal and diverse professional development environment, firmly opposing any form of discriminatory behavior. To attract and cultivate top talent while building a high-quality workforce, we have established the *Human Resources Management System* based on actual needs. This system clearly outlines the processes for staffing requests, recruitment, and interviews, ensuring fairness and transparency in talent selection. The HR department employs a multi-dimensional approach, including interviews, assessments, and background checks, to identify talent in alignment with the Company's strategic goals and internal needs. Additionally, we actively expand external recruitment channels, regularly organizing campus recruitment events and talent exchange forums to continuously attract outstanding talent, providing robust human resource support for the Company's growth.

In managing employee relations, the Group strictly complies with the *Labor Contract Law of the People's Republic of China*, ensuring that all hiring and termination processes are conducted in accordance with legal requirements. We place the protection of employee rights at the forefront, striving to build equal and harmonious labor relations and providing employees with a secure and stable platform for professional growth.

# WORKING HOURS AND HOLIDAYS, REMUNERATION AND BENEFITS

Creating a positive work environment for employees is our primary responsibility and unwavering commitment. To this end, we continuously refine the *Human Resource Management System* to ensure employees receive fair compensation and reasonable working hours. We scientifically schedule work and rest periods, implementing an overtime application system that allows employees to choose between compensatory time off, shift adjustments, or overtime pay as compensation. This approach fully respects and protects employees' labor rights.

To unlock employees' potential, we implement a comprehensive performance evaluation system. At the beginning of each year, employees set their work responsibilities and goals, which are then assessed by the HR department at midyear and year-end. Compensation is linked to evaluation results, ensuring the system's comprehensiveness, objectivity, and fairness. This approach motivates employees to continuously improve their performance.

In terms of benefits, we provide employees with statutory benefits (such as social insurance, housing fund, statutory holidays, bereavement leave, and paid annual leave) as well as additional benefits (such as high-temperature subsidies, annual health check-ups, employee dormitories, and holiday perks). Employees can clearly understand their working hours, leave entitlements, and benefits through the *Human Resource Management System*. We are committed to continuously optimizing the benefits system by expanding supplementary benefits, enhancing employee satisfaction and sense of belonging, while providing a solid talent foundation for the sustainable development of the enterprise.

# **PREVENTION OF CHILD & FORCED LABOR**

The Group has established a legally compliant labor management system, strictly prohibited child labor and forced labor. During the recruitment process, the HR department conducts rigorous verification of applicants through multiple identity checks, ensuring that age, qualifications, and other information fully meet legal requirements before hiring. A comprehensive control mechanism is in place to mitigate risks throughout the entire process.

To enhance human rights protection, we have established specialized investigation and corrective mechanisms. Upon identifying any issues, we will immediately initiate investigation procedures and take corrective actions, such as terminating labor contracts or holding management accountable. When necessary, we proactively report cases to judicial authorities, demonstrating a zero-tolerance stance toward violations. During the Reporting Period, no instances of child labor or forced labor were identified.

# **FOSTERING TWO-WAY COMMUNICATION**



# **COLLABORATING FOR SHARED GROWTH**

The Group consistently views employees' personal growth and skill enhancement as a cornerstone of corporate development. Through a systematic career development framework, we create diverse growth opportunities for employees. The *Human Resource Management System* outlines clear career pathways and provides comprehensive support and resources, enabling employees to fully realize their potential and achieve mutual progress for both individuals and the organization.

Employees who achieve outstanding performance within one year will enter a 2-3 year critical position (or professional skill) development phase, receiving in-depth vocational training and practical experience to comprehensively enhance their capabilities. Those who maintain outstanding performance for three consecutive years will be directly included in the Group's key talent pool and have the opportunity to join the two-year "Baoye Youth Development Program" for further advancement. The top performers will be identified as reserve talents (mid-level management) and enrolled in the two-year "Baoye Middle Management Development Program." Employees who consistently excel will be designated as reserve cadres (senior management) and receive focused development opportunities.



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### 💮 Case Study: Baoye Group Conducts Financial Work Conference and Tax Compliance Management Training

From June 28 to 29, 2024, Baoye Group organized a financial work conference and tax compliance management training for deputy general managers overseeing finance, financial managers, accountants, cashiers, and auditors from various units. The event was held across six venues, with a total of 280 participants. The conference aimed to strengthen financial management, promote asset clarity, enhance audit practices, and control risks to ensure the healthy and stable development of the enterprise.

The training featured industry experts, including audit specialists from Zhejiang Zhongxing Accounting Firm, auditors from PwC Zhongtian, tax experts, and financial and tax instructors. They provided in-depth insights on topics such as internal auditing,



listed company auditing, tax risks and response strategies in the construction industry, the new Company Law, and tax risk identification under the smart tax system. The comprehensive and practical course content was designed to enhance the business management and risk identification capabilities of financial personnel, providing a solid foundation for the Company's compliant operations and sustainable growth.

### 🕒 Case Study: Baoye Construction Holds 2024 Annual Quality Training Conference

In alignment with the spirit of the 20th National Congress of the Communist Party of China and the Second and Third Plenary Sessions of the 20th Central Committee, and in implementation of the Outline for Building a Strong Quality Nation, Baoye Construction held its annual quality training conference on August 31, 2024, at the Yangxungiao headquarters meeting room. Branch offices outside the province participated simultaneously via video link. The event was attended by over 230 participants, including senior executives of the Baoye Construction, guality, safety, and technical personnel from the headquarters, as well as deputy project managers, project managers, on-site technical leads, and quality supervisors from engineering



(specialized) companies. During the conference, Mr. Jin Jixiang, Executive Director of the Group and Chairman of the Baoye Construction, delivered a speech centered on the theme of "Strengthening Quality Support and Jointly Building a Quality Nation." He emphasized the need for construction personnel to enhance their sense of responsibility and strictly implement the lifelong quality accountability system to support the Company's high-quality development in the current market environment.

Mr. Li Canfeng, Chief Engineer of the Baoye Construction, and Mr. Wu Lihua, Assistant General Manager and Engineering Department Manager, conducted specialized training sessions on "Analysis and Countermeasures for Current Engineering Quality Issues" and "Engineering Quality Control and Related Requirements," respectively. Finally, Mr. Fu Weidong, Deputy General Manager of the Baoye Construction, concluded the meeting with an in-depth analysis of existing issues and outlined specific work requirements to ensure effective implementation.

# **SAFEGUARDING HEALTH & SAFETY**

The Group consistently adheres to the principles of "safety first, prevention centric" and "safety is integral to production management." By strengthening safety management in operations and production processes, we are dedicated to creating a safe and healthy working environment for employees, ensuring the physical and mental wellbeing and occupational safety of every individual.

### **STRENGTHENING SAFETY FOUNDATIONS & BUILDING ROBUST SAFETY DEFENCES**

The Group consistently considers the health and environmental impact of building materials as a critical factor. In the production of prefabricated components, we strictly select non-toxic and harmless raw materials, such as sand, gravel, and cement. The liquid release agents we use are also free from harmful substances, including irritants, allergens, teratogens, and carcinogens, ensuring material safety. Furthermore, the radiation levels of all building materials are strictly controlled within national regulatory standards, providing a healthy and safe construction environment for both employees and end-users.

Establishing Management Systems	<ul> <li>Establish management systems related to production safety such as the Production Safety Management System, Major Hazard Source Investigation System, Construction Project Production Safety Technology, and Accident Emergency Plan;</li> <li>Repare the annual safety plan and implementation plan.</li> </ul>
<b>A=</b> Defining Responsibilities	<ul> <li>Implement the production safety responsibility system, enhance the sense of responsibility of all employees on production safety, and clarify the responsibilities and responsibilities that all employees should perform in production safety;</li> <li>Establish Engineering Emergency Response Team, Production Safety Leading Team, etc to overlook safety production and organize safety construction education events.</li> </ul>
<b>F</b> Strengthening	Conduct regular inspections on construction sites according to the Construction Safety Inspection Standards and other relevant regulations, formulate rectification plans, and implement rectification measures from time to time.
Provision Safety Training	Provide safety training and production safety meetings for all employees, mainly focusing on production safety awareness, knowledge, and skills, fire safety, etc.
<b>R</b> Conducting Accident Investigations	Conduct investigations and actions when accidents occur. Coordinate and supervise relevant departments to strengthen accident prevention measures.



### Case Study: Hosting Special Work Meetings on "Safety Production"

To thoroughly implement the safety production guidelines issued by central, provincial, and municipal authorities and strengthen the foundation for safe development, Baoye Group's various units have held special work meetings on "Safety Production" starting from June 2024.





# **CARING FOR EMPLOYEE WELL-BEING**

The Group places a high priority on employee occupational health, implementing systematic health management and protective measures to comprehensively safeguard employees' physical and mental well-being. We strictly adhere to the *Occupational Health and Hygiene Management System*, providing pre-employment and annual health check-ups to effectively prevent and reduce the risk of occupational diseases.



At construction sites, we equip employees with necessary occupational disease prevention equipment and personal protective gear, with project supervisors ensuring proper usage to guarantee the implementation of protective measures. For high temperature working environments, we regularly organize employee care activities and implement protective measures such as ventilation and isolation for processes that may pose occupational health risks. Warning signs are also prominently displayed to remind employees of safety precautions. Additionally, the Group conducts training sessions, lectures, and assessments on occupational hazard prevention and control, equipping employees with prevention and management techniques and enhancing their occupational health awareness.



### Case Study: Delivering Cool Comfort in the Heat, Warming Hearts on the Frontlines

To effectively safeguard the health of frontline employees, our Group initiated the "Cooling Comfort" high-temperature caring starting from mid-July, led by the Group's Labor Union and its subsidiaries. At each construction site visited, the leaders of caring team diligently listened to progress reports, thoroughly understood the working and living conditions of the frontline employees, and personally distributed heat-relief supplies, conveying care and support. In response to the extreme heat, each project department and factory base pay special attention to heat prevention and cooling work, scientifically organizing construction activities and arrange work time reasonably to ensure safe and orderly operations. These measures not only reflect our commitment to employee well-being but also provide a solid foundation for safe production during the high temperature season.



# ENHANCING SOCIAL WELL-BEING

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 Driving Community Advancement



# **DRIVING COMMUNITY ADVANCEMENT**

The Group has always adhered to the core philosophy of "serving society," striving to be an active driver of sustainable community development. Through employee-driven philanthropic initiatives and corporate-level institutional donations, we support social welfare causes and contribute to building a warmer and more harmonious community environment. Additionally, we encourage our employees to actively participate in community volunteer activities, dedicating their time and effort to advancing community development. During the Reporting Period, our employees collectively contributed 2,318 hours to volunteer activities.

# COMMITMENT TO PHILANTHROPY, BUILDING HARMONY TOGETHER

The Group has always regarded supporting social welfare as a vital component of our corporate social responsibility. Guided by the core values of dedication, compassion, and mutual assistance, we strive to align our efforts with societal development. Through various initiatives, including monetary and in-kind donations, we actively participate in and support local poverty alleviation, educational development, and rural revitalization projects. In 2024, the Group contributed a total of RMB11,594,000 in donations, demonstrating our commitment to advancing social welfare and fostering harmonious community development through tangible actions.

# FOSTERING NEIGHBORHOOD BONDS & COMMUNITY INTEGRATION

The Group's real estate projects actively organize diverse community activities, dedicated to creating a warm and harmonious living environment for residents. During the Reporting Period, projects such as "Baoye Green Life" and "Baoye Four Seasons Garden" hosted a series of heartfelt neighborhood-friendly events, infusing vitality into the lives of residents and significantly enhancing community cohesion and a sense of belonging.















Spring Pet-Friendly Garden Fair





# **PERFORMANCE DATA**

# **ENVIRONMENTAL DATA**

The Group continues to refine the scope of reporting on performance indicators to enable stakeholders to fully understand the Group's performance.

# CALCULATION OF THE INTENSITY OF ENVIRONMENTAL DATA

	Unit	2024	2023
Area of operation <sup>3</sup>	m²	1,842,174	1,533,342
Number of vehicle	Vehicle	Gasoline vehicles: 55 Diesel vehicles: 3	Gasoline vehicles: 56 Diesel vehicles: 7
Number of machinery	Machinery	47 (35 diesel machinery)	88 (22 diesel machinery)

# **RESOURCE CONSUMPTION** 4 5 6

	Unit	2024	2023
	E	nergy	
Total energy consumption	MWh	34,950	56,820
Intensity of total energy consumption	MWh per m² area of operation	0.02	0.04
Direct Energy <sup>7</sup>			
Total direct energy consumption	MWh	6,339	5,652
Intensity of total direct energy	MWh per m <sup>2</sup> area of operation	3.44 x 10- <sup>3</sup>	3.70 x 10- <sup>3</sup>
Total gasoline consumption (vehicle)	L	118,927	120,290
Intensity of gasoline consumption (vehicle)	L per number of gasoline vehicle	2,162	2,148

<sup>3</sup> The environmental data density of the Group is calculated per cubic meter of operational area, which includes both office space and project site area.

<sup>4</sup> The unit conversion of direct energy consumption was calculated by referencing the calculation methods and conversion factors in the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial)*, the Calculation Method and Reporting Guidance on *Greenhouse Gas Emissions for On-road Transportation Enterprises (Trial)*, the *Gasoline for Motor Vehicles (GB 17930-2016) and the Automobile Diesel Fuels (GB19147-2016)*.

<sup>5</sup> The calculation method and relevant emission factors of emissions from gasoline and diesel consumption of vehicles in 2024 are based on the *Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)*; The calculation method and relevant emission factors of diesel consumption emissions from machinery in 2024 are based on the *Non-road Mobile Source Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* and the *Greenhouse Gas Inventory Guidance-Direct Emissions from Mobile Combustion Sources*.

<sup>6</sup> The Group's gasoline and part of diesel consumption are derived from the fuel consumption of vehicles. Therefore, the intensity of such fuel consumption is calculated by the number of gasoline and diesel vehicles respectively.

<sup>7</sup> Given the absence of natural gas consumption for two consecutive years, natural gas usage has been excluded from this year's disclosure scope.

Total diesel consumption (vehicle)	L	3,790	21,195
Intensity of diesel consumption (vehicle)	L per number of diesel vehicle	1,263	3,028
Total diesel consumption (machinery)	L	488,955	398,146
Intensity of diesel consumption (machinery)	L per number of diesel machines	13,970	18,098
Total gas consumption (production and domestic)	MJ	432,083	525,996
Intensity of gas consumption (production and domestic)	MJ per m <sup>2</sup> area of operation	0.23	0.34
Total solar energy consumption	Thousands of kWh	96.3	132.4
Intensity of solar energy consumption	Thousands of kWh per m² area of operation	5.23 x 10- ⁵	8.63 x 10- <sup>5</sup>
Indirect Energy			
Total indirect energy consumption (purchased electricity) <sup>8</sup>	Thousands of kWh	28,611	51,168
Intensity of indirect energy consumption (purchased electricity)	Thousands of kWh per m² area of operation	0.02	0.03
Water			
Total water consumption <sup>9</sup>	Tonnes	434,394	244,573
Intensity of water consumption	Tonnes per m <sup>2</sup> area of operation	0.24	0.16

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<sup>8</sup> During the Reporting Period, the number of construction projects undertaken in each region decreased, resulting in a corresponding decline in total externally purchased electricity.

<sup>9</sup> During the Reporting Period, water consumption increased due to the inclusion of additional real estate property projects within the disclosure scope.

# AIR POLLUTANTS AND GREENHOUSE GASES <sup>10</sup> <sup>11</sup>

	Unit	2024	2023
	Air Po	llutants <sup>12</sup>	
NOx emission	Kg	6,481	6,045
SOx emissions	Kg	328	54
Particulate matter Emissions	Kg	386	664
	Greenh	ouse Gases	
Total GHG emissions (including Scope 1 and Scope 2)	Tonnes CO₂e	16,954	30,529
Intensity of Total GHG emissions	Tonnes CO₂e per m <sup>2</sup> area of operation	0.01	0.02
Scope 1 Direct GHG emissions (including gasoline, diesel, gas, CNG and refrigerants)	Tonnes CO₂e	1,601	1,348
Intensity of Scope 1 Direct GHG emissions	Tonnes CO <sub>2</sub> e per m <sup>2</sup> area of operation	8.69x 10- <sup>4</sup>	8.79x 10- <sup>4</sup>
Scope 2 Indirect GHG (including emissions from purchased electricity)	Tonnes CO <sub>2</sub>	15,353	29,181
Intensity of Scope 2 Indirect GHG emissions	Tonnes CO <sub>2</sub> per m <sup>2</sup> area of operation	0.01	0.02

<sup>10</sup> The calculation methods and emission coefficients of greenhouse gas emissions (Scope 1) from gasoline and diesel fuel consumption in 2024 are based on *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for On-road Transportation Enterprises (Trial)*. The calculation methods and emission coefficients of greenhouse gas emissions (Scope 1) from machinery fuel and pipeline gas consumption in 2024 are based on *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions (Scope 1)* from machinery fuel and pipeline gas consumption in 2024 are based on *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial)*. The methodology and emission coefficients of greenhouse gas emissions from refrigerants are referenced from the *IPCC Sixth Assessment Report on Climate Change (AR6): Global Warming Potential.* 

<sup>11</sup> The calculation of GHG emissions (Scope 2) includes purchased electricity consumption. Emissions from purchased electricity consumption in 2024 are calculated with reference to the 2022 national average CO<sub>2</sub> emission factor for grid electricity, as stipulated in the *Announcement on the Release of 2022 CO<sub>2</sub> Emission Factors for Electricity* jointly issued by the Ministry of Ecology and Environment and the National Bureau of Statistics of China.

<sup>12</sup> The emissions of air pollutants in 2024 include emissions from vehicle and machinery fuel usage, as well as gas combustion. The calculation method and related emission factors for vehicle emissions are based on the *Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* issued by the Ministry of Ecology and Environment of the People's Republic of China. The calculation method and related emission factors for atmospheric pollutant emissions from machinery fuel usage in the Group refer to the *Non- Road Mobile Source Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* issued by the Ministry of Ecology and Environment of the People's Republic of China. The calculation method and related emission factors for atmospheric pollutant emissions from machinery fuel usage in the Group refer to the *Non- Road Mobile Source Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* issued by the Ministry of Ecology and Environment of the People's Republic of China. The calculation method for domestic source emissions refers to the *Manual of Pollutant Emissions Coefficients of Domestic Pollution Sources in Second National Pollution Source Census Urban Household Pollutant Emission Emission Coefficient Manual.* 

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# WASTE

	Unit	2024	2023
	Non-haza	ardous Waste	
Total non-hazardous waste generated	Tonnes	17,860	15,757
Intensity of total non-hazardous waste generation	Tonnes per m <sup>2</sup> area of operation	9.70x 10- <sup>3</sup>	1.03x 10- <sup>2</sup>
General Wastes	Tonnes	506	1,331
Paper	Tonnes	23	16
Plastic	Tonnes	2.9	2.0
Iron	Tonnes	583	572
Other metals	Tonnes	132	3,629
Construction waste	Tonnes	16,612	10,208
Hazardous Waste			
Total hazardous waste generated	Tonnes	23.98	14.76
Intensity of total hazardous waste generated	Tonnes per m <sup>2</sup> area of operation	1.30 x 10- <sup>5</sup>	9.63 x 10- <sup>6</sup>
Waste batteries	Tonnes	2.28	1.59
Waste fluorescent tubes	Tonnes	0.04	0.18
Waste ink cartridges	Tonnes	1.10	0.47
Other hazardous wastes <sup>13</sup>	Tonnes	20.56	12.52

<sup>13</sup> Other hazardous waste comprises spent activated carbon, discarded paint cans, used motor oil, and paint residue.

# **SOCIAL DATA**

# EMPLOYEE

	Unit	2024
Total	Person	6,172
By Gender		
Male	Person	4,257
Female	Person	1,915
By Employment Type		
Full-time	Person	6,172
Part-time	Person	0
By Employee Category		
Senior management	Person	215
Middle management	Person	868
Non-management	Person	5,089
By Age Group		
≤ 30	Person	973
31-40	Person	1,697
41-50	Person	1,482
≥ 51	Person	2,020

By Academic Qualifications			
Master's degree and above	Person	82	
Undergraduate	Person	1,375	
Tertiary education	Person	1,376	
Below tertiary education	Person	3,339	
By Geographical Region			
China	Person	6,146	
Africa	Person	26	
Employee turnover rate (number of employee turnover) 14	Unit	2024	
By Gender			
Male	Percentage (Person)	24.50 (1,043)	
Female	Percentage (Person)	29.03 (556)	
By Age Group			
≤ 30	Percentage (Person)	51.39 (500)	
31-40	Percentage (Person)	12.55 (213)	
41-50	Percentage (Person)	16.33 (242)	
≥ 51	Percentage (Person)	29.90 (604)	
By Geographical Region			
China	Percentage (Person)	25.33 (1,557)	
Africa	Percentage (Person)	7.69 (2)	

<sup>14</sup> The calculation formula of employee turnover rate of each category is: the number of employee turnover of the category during the Reporting Period/total number of employees of the category as of the end of the Reporting Period x 100%.

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Employee new hire rate <sup>15</sup>	Unit	2024	
By Gender			
Male	Percentage (Person)	19.45 (828)	
Female	Percentage (Person)	28.15 (539)	
By Age Group			
≤ 30	Percentage (Person)	50.26 (489)	
31-40	Percentage (Person)	10.61 (180)	
41-50	Percentage (Person)	15.11 (224)	
≥ 51	Percentage (Person)	23.47 (474)	

# TRAINING

Employee training coverage <sup>16</sup>	Unit	2024
By Gender		
Male	Percentage	53.39
Female	Percentage	62.66
By Employee Category		
Senior management	Percentage	85.12
Middle management	Percentage	83.06
Non-management	Percentage	50.48

<sup>15</sup> The calculation formula of employee new recruitment rate for each category is: number of new employees of the category/number of employees of the category x 100%.

<sup>16</sup> The calculation formula of employee training coverage rate for each category is: number of trained employees of the category/number of employees of the category x 100%.

Percentage of employees trained <sup>17</sup>	Unit	2024	
By Gender			
Male	Percentage	65.45	
Female	Percentage	34.55	
By Employee Category			
Senior management	Percentage	5.27	
Middle management	Percentage	20.76	
Non-management	Percentage	73.97	

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Average training hours per employee <sup>18</sup>	Unit	2024			
By Gender					
Male	Hour	11.33			
Female	Hour	8.82			
By Employee Category					
Senior management	Hour	24.54			
Middle management	Hour	9.57			
Non-management	Hour	9.71			

<sup>17</sup> The calculation formula of the percentage of employees trained in each category is: number of employees trained in the category/total number of employees trained x 100%.

<sup>18</sup> The calculation formula of the average training hours of each employee in each category is: total training hours of employees in the category/trained employees in the category.

# SAFETY

	Unit	2024 年		
Lost days due to work injury	Day	412		
Work injury	Unit	2024 年	2023 年	2023 年
Number of work-related fatalities	Person	0	0	0
Rate of work-related fatalities	Percentage	0	0	0

# **PRODUCTS & SERVICES**

Product & service complaints	Unit	2024 年
Number of complaints	Case	9
Percentage of total building material products sold or shipped subject to recalls for safety and health reasons	Percentage	0

# LITIGATION CASES

Litigation cases	Unit	2024 年
Number of concluded legal cases regarding corrupt practices brought against the Group or its employees during the Reporting Period	Case	0

# **APPENDIX I**

# LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE GROUP

Laws and regulations that have a significant impact on the Group	Performance of the Group during the Reporting Period
Product Responsibility	
The Product Quality Law of the People's Republic of China The Trademark Law of the People's Republic of China The Construction Law of the People's Republic of China The Regulation on the Quality Management of Construction Projects	During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group relating to health and safety, intellectual property, advertising and privacy matters relating to products and services provided.
Emissions	
The Environmental Protection Law of the People's Republic of China The Energy Conservation Law of the People's Republic of China The Environmental Protection Tax Law of the People's Republic of China The Regulation on the Implementation of the Environmental Protection Tax Law of the People's Republic of China The Cleaner Production Promotion Law of the People's Republic of China The Atmospheric Pollution Prevention and Control Law of the People's Republic of China The Work Plan for Greenhouse Gas Emission Control during the 13th Five-Year Plan Period The Water Pollution Prevention and Control Law of the People's Republic of China The Water Pollution Prevention and Control Law of the People's Republic of China The Water and Soil Conservation Law of the People's Republic of China The Water and Soil Conservation Law of the People's Republic of China The Regulation on Urban Drainage and Sewage Treatment The Soil Pollution Prevention and Control Law of the People's Republic of China The Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes The Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise	During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non- hazardous waste.

### **Employment & Labor Standards**

The Labor Law of the People's Republic of China

The Labor Contract Law of the People's Republic of China

*The Regulation on the Implementation of the Employment Contract Law of the People's Republic of China* 

The Employment Promotion Law of the People's Republic of China

The Law of the People's Republic of China on the Protection of Women's Rights and Interests

The Law of the People's Republic of China on the Protection of Disabled Persons

The Regulation on the Employment of the Disabled

The Regulation on Public Holidays for National Annual Festivals and Memorial Days

The Labor Dispute Mediation and Arbitration Law of the People's Republic of China

The Regulation on Paid Annual Leave for Employees

The Provisions on the Prohibition of Using Child Labor

### Health & Safety

*The Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* 

The Work Safety Law of the People's Republic of China

The Administrative Regulations on the Work Safety of Construction Projects

The Fire Protection Law of the People's Republic of China

The Measures for the Administration of Contingency Plans for Work Safety Accidents

The Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents

The Regulation on Work-Related Injury Insurance

### Anti-corruption

The Criminal Law of the People's Republic of China

The Anti-unfair Competition Law of the People's Republic of China

The Company Law of the People's Republic of China

The Bidding Law of the People's Republic of China

The Regulation on the Implementation of the Bidding Law of the People's Republic of China

During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group

During the Reporting Period, the Group did

significant impact on

the Group relating to

compensation and dismissal, recruitment and promotion,

working hours, rest periods,

equal opportunity, diversity,

anti-discrimination, other benefits and welfare,

prevention of child and

forced labor.

not violate any laws and regulations that have a

relating to providing a safe working environment and protecting employees from occupational hazards.

During the Reporting Period, the Group was not in violation of any laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group
## **APPENDIX II**

## **INDEX OF THE SEHK'S ESG GUIDE**

Mandatory Dis	Relevant Sections in this Report/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 ESGrelated goals and targets with an explanation of how they relate to the issuer's businesses.	Sustainability Governance
Reporting Principles	A description of, or an explanation on, the application of the Reporting Principles in the preparation of the ESG report.	Preparation Basis
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.	Reporting Scope

Mandatory Disclos	Relevant Sections in this Report/Explanation			
ENVIRONMENTAL				
Aspect A1: Emissions				
General Disclosure	Information on: (a) 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.	Shared Responsibility for Ecological Stewardship, APPENDIX I		
KPI A1.1	The types of emissions and respective emissions data.	Performance Data		
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data		
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data		
KPI A1.4	Total non-hazardous waste produced and intensity. Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data		

## Shared Responsibility for Description of emissions target(s) set and steps taken to KPI A1.5 Ecological Stewardship achieve them. Description of how hazardous and non-hazardous wastes Shared Responsibility for KPI A1.6 are handled, and a description of reduction target(s) set Ecological Stewardship and steps taken to achieve them. Aspect A2: Use of Resources Shared Responsibility for Policies on the efficient use of resources, including energy, General Disclosure water and other raw materials. Ecological Stewardship Direct and /or indirect energy consumption by type (e.g. KPI A2.1 Performance Data electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). Water consumption in total and intensity (e.g. per unit of KPI A2.2 Performance Data production volume, per facility). Description of energy use efficiency target(s) set and steps Shared Responsibility for **KPI A2.3** taken to achieve them. Ecological Stewardship Shared Responsibility for Description of whether there is any issue in sourcing water **KPI A2.4** Ecological Stewardship that is fit for purpose, water efficiency target(s) set and \* The Group does not have steps taken to achieve them. any issues in finding suitable water sources \* The Group's business does Total packaging material used for finished products (in KPI A2.5 tonnes) and, if applicable, with reference to per unit not involve substantial use produced. of packaging materials Aspect A3: The Environmental and Natural Resources Shared Responsibility for Policies on minimising the issuer's significant impacts on General Disclosure the environment and natural resources. Ecological Stewardship, **Green Construction KPI A3.1** Description of the significant impacts of activities on the Shared Responsibility for environment and natural resources and the actions taken to Ecological Stewardship, manage them. Green Construction Aspect A4: Climate Change General Disclosure General Disclosure Policies on identification and mitigation Climate Change of significant climate-related issues which have impacted, Management and those which may impact, the issuer. KPI A4.1 Description of the significant climate-related issues which Climate Change have impacted, and those which may impact, the issuer, Management and the actions taken to manage them.

SOCIAL					
Aspect B1 : Employment					
General Disclosure	Information on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Driving Shared Success through Talent Excellence, APPENDIX I			
КРІ В1.1	Total workforce by gender, employment type, age group and geographical region.	Driving Shared Success through Talent Excellence, Performance Data			
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data			
Aspect B2: Health and Safety					
General Disclosure	Information on: (a) 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.	Safeguarding Health and Safety, Caring for Employee Well-Being, APPENDIX I			
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Performance Data			
KPI B2.2	Lost days due to work injury.	Performance Data			
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Caring for Employee Well- Being, Safeguarding Health and Safety			
Aspect B3: Development and Training					
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Collaborating for Shared Growth			
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Data			
КРІ ВЗ.2	The average training hours completed per employee by gender and employee category.	Performance Data			

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Aspect B4: Labor S	tandards	
General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Prevention of Child and Forced Labor, APPENDIX I
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Prevention of Child and Forced Labor
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Prevention of Child and Forced Labor * No non-compliance during the Reporting Period
Aspect B5: Supply	Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Creating Sustainable Supply
KPI B5.1	Number of suppliers by geographical region.	Creating Sustainable Supply
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Creating Sustainable Supply
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Creating Sustainable Supply
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Creating Sustainable Supply
Aspect B6: Product	t Responsibility	
General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Enhancing Interactive Collaboration, APPENDIX I * The Group's business does not involve labelling
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Performance Data
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Communication, Warranty Rectification, Performance Data



## Contact

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